

UNCLASSIFIED

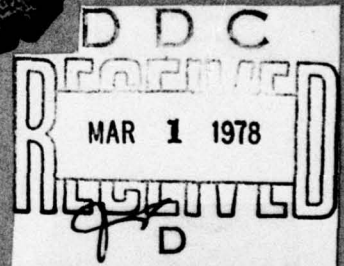
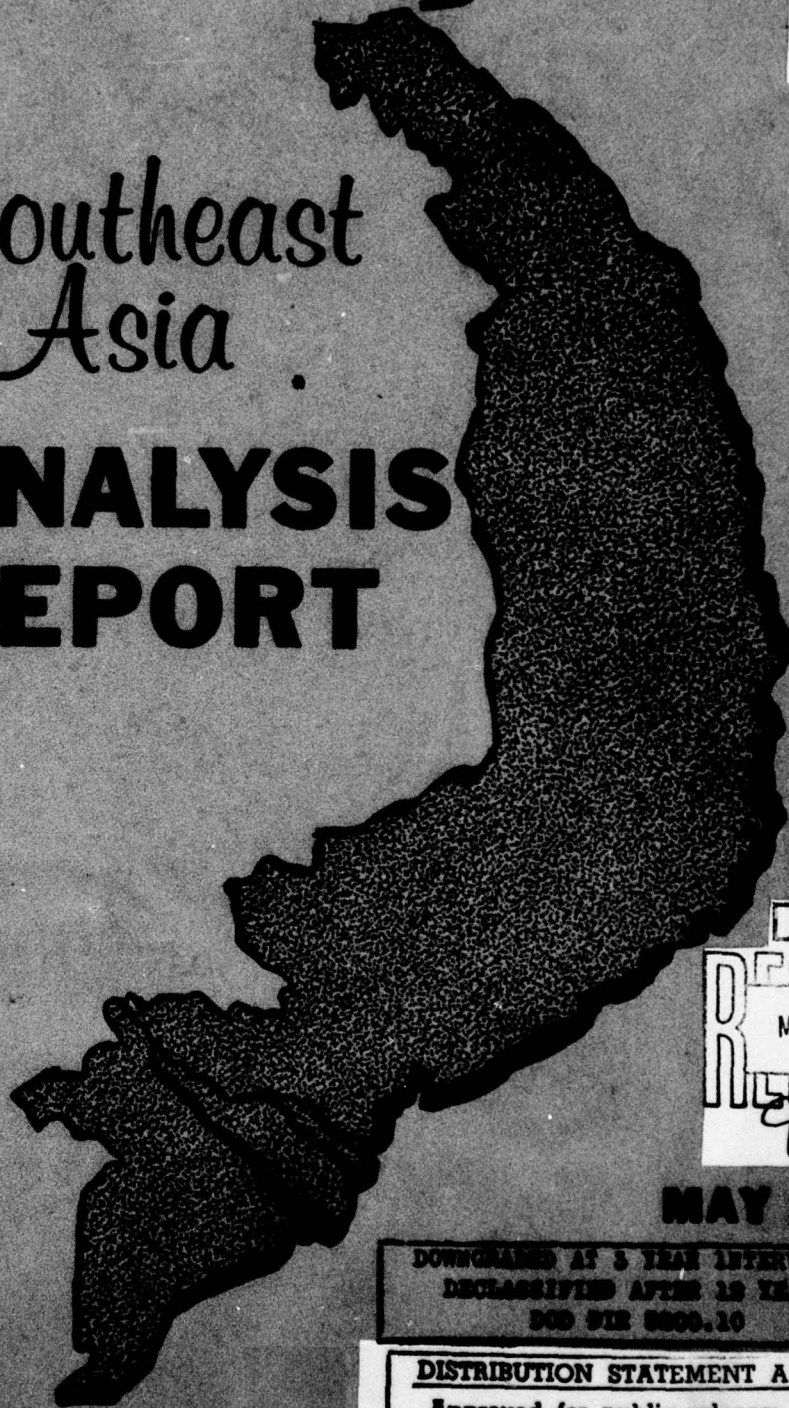
~~SECRET~~

0

AD-A050629

Southeast  
Asia

# ANALYSIS REPORT



MAY 1987

DOWNGRADED AT 5 YEAR INTERVALS;  
DECLASSIFIED AFTER 15 YEARS  
DOD DIR 5800.10

**DISTRIBUTION STATEMENT A**

Approved for public release;  
Distribution Unlimited

PREPARED BY  
OASD (SA) - SEA PROGRAMS DIVISION

ASD/SA CONTROL NO. 6-803

OSG CONTROL NO. 16685

UNCLASSIFIED

UNCLASSIFIED

~~SECRET~~

SOUTHEAST ASIA ANALYSIS REPORT

The Southeast Asia Analysis report is produced monthly by the SEA Programs Division of the Office of the Assistant Secretary of Defense, Systems Analysis. The intent of the report is to update and disseminate, for information and comment, studies of interest to those in OSD and the Services who are responsible for decision-making or analysis related to the conflict in Southeast Asia.

The monthly analysis report is an experimental attempt to improve the quality of analysis on SEA problems and to increase the audience for interesting analytical work. Over time, it will be expanded to include a wider range of topics, synopses of interesting analyses performed by other offices and rebuttals and re-analyses of previously published reports. While it will draw heavily on data from the OSD SEA Statistical Summary, it will not duplicate the content or intent of that document.

In order to improve future reports, any suggestions or comments as to the format, items covered, correctness of data and conclusions drawn, additional dissemination, etc., are encouraged and would be highly appreciated. They should be addressed to the Office of the Assistant Secretary of Defense/Systems Analysis (SEA Prog.Div), The Pentagon Washington, D.C. 20301.

ADDITIONAL TO	
NTIS	White Section <input checked="" type="checkbox"/>
DDO	Ref Section <input type="checkbox"/>
UNANNOUNCED	<input type="checkbox"/>
JUSTIFICATION	
Per Hq. on file	
BY	
DISTRIBUTION/AVAILABILITY CODES	
Dist.	AVAIL. and/or SPECIAL
A	

DOWNGRADED AT 3 YEAR INTERVALS;  
DECLASSIFIED AFTER 12 YEARS  
DOD DIR 8200.10

OASD/SA/SEA Programs Div.  
May 19, 1967

~~SECRET~~

~~SECRET~~

UNCLASSIFIED



~~SECRET~~

UNCLASSIFIED

May 1967

SEA ANALYSIS REPORT

Table of Contents

	<u>Page</u>
HIGHLIGHTS.....	iii
DEPLOYMENTS.....	1
VC/NVA	
Role of the Southern Vietminh Cadre in South Vietnam.....	3
VC Incidents in II Corps.....	4
VC Incidents in IV Corps.....	9
Go Cong Province - Pacification and VC Incident Patterns...	11
FRIENDLY FORCES	
The Strategy of Attrition.....	13
Force Effectiveness in II Corps.....	16
Large US Army Ground Operations in II Corps.....	19
RVNAF Effectiveness.....	22
ECONOMIC	
SVN Inflation in CY 67.....	24
Impact of Vietnam War on Balance of Payments.....	32
AIR OPERATIONS	
Summary of Aircraft Losses.....	34
Aircraft Destroyed on the Ground by Hostile Action.....	40
Aircraft Ordnance Consumption.....	41
LOGISTICS AND CONSTRUCTION	
Ocean Cargo Shipments to Southeast Asia.....	43
Air Cargo Shipments to Southeast Asia.....	45
Saigon Port.....	46
Construction Summary.....	50

~~SECRET~~

UNCLASSIFIED

# SECRET

MAY 1967

## SEA ANALYSIS REPORT HIGHLIGHTS

<u>ITEM</u>	<u>PAGE</u>
Approved forces for SVN rise 4,000 to 483,000. Thailand approved strength increases by 3,100 to 44,400.	1
A RAND study indicates that the unpleasant experience of the southern Vietminh cadre with the Diem regime is likely to make the cadre cynical about future promises of amnesty. This could lead them to disobey Hanoi's instructions at the time of a peace settlement, thus jeopardizing Hanoi's control over the VC movement.	3
Despite a greater increase in friendly maneuver battalion strength in II Corps, the VC/NVA incident rate there has not reacted with the strong upward trend found in I Corps, nor has the II Corps' shift of incidents from civilian to military targets been as strong.	4
Military incidents in IV Corps increased nearly 30% in early 1967, possibly reflecting VC reaction to the first use of U.S. combat troops in that area. Non-military incidents continue at levels well below those experienced from mid-1964 to mid-1966.	9
VC incidents in Go Cong Province have decreased by 70% as GVN pacification efforts succeed.	11
A study of ground combat operations shows the VC/NVA have considerable control over the numbers of casualties they suffer. This indicates that the military goal of attriting the enemy forces faster than he can replace them may be unattainable.	13
Pacification progress in II Corps was greater than in I Corps during CY 1966. As in I Corps, enemy KIA rates in II Corps cannot be predicted on the basis of increases in either friendly strength or friendly activity.	16
U.S. Army search and destroy operations in II CTZ have gotten larger but the enemy killed per battalion day in these operations has decreased. Short operations produced between two and three times as many enemy killed per battalion day as long operations.	19
The discrepancies in effectiveness of the RVNAF in I, II, and III Corps are much greater than those of the U.S. in the same Corps. The better performance of the RVNAF in I CTZ than in II and III Corps supports the contention that the Marines are doing a better job of supporting and encouraging the RVNAF than is the Army.	22

To J.B.  
Please look at  
the data which  
supports  
these conclusions  
and give  
me your  
judgment.  
JRM



# SECRET

## MAY 1967 SEA ANALYSIS REPORT HIGHLIGHTS

<u>ITEM</u>	<u>PAGE</u>
CY 1967 inflation through April 30 has been 16%. Total CY 1967 inflation can be held to 25%.	24
Estimates of the impact of the Vietnam conflict on the U.S. balance of payments are grossly overstated. An end to the war will not end the deficit.	32
OSD April "Best Estimate" of fighter and attack aircraft predicts 2333 losses through December 1969, compared to 2770 predicted by the December Plan, a reduction of 437 aircraft. Primary reason is lower attack loss rates in NVN.	34
Fifty-one aircraft have been destroyed on the ground in SEA by enemy action from July 1965 through March 1967. Thirty-five of the fifty-one lost were helicopters.	40
April air ordnance consumption totaled 76,700 tons. Level-off expenditures in SEA still predicted at 81,000 tons.	41
Ocean shipments to SEA maintained the same high level as March. Shipments to SVN increased by 10% hitting a new peak; shipments to other SEA areas declined.	43
Air shipments to SEA continue to increase. ASD(I&L) has established controls to eliminate unnecessary air shipments.	45
AID/Commercial cargo sector of Saigon Port is in best condition in a year. Cargo backlog is equal to only one week's work.	46
Construction in support of SEA operations is 54% complete as of March 30, 1967. The cost overrun for construction projects in SVN dropped by \$4 million in March, but still totals \$141 million.	50

# SECRET

## DEPLOYMENTS TO SOUTHEAST ASIA

Program #4 End Strengths for SVN and Thailand have increased 7100 spaces during the past month. The approved June 30, 1968 strength in South Vietnam rose from 479,100 to 483,100; the approved Thailand strength from 41,300 to 44,400. The following table shows the South Vietnam increase by Service.

### PROGRAM #4 STRENGTH FOR SVN - JUNE 30, 1968

	<u>Previously a/ Approved</u>	<u>Currently b/ Approved</u>	<u>Increase</u>
Army	322,100	322,400	300
Navy	30,000	30,000	-
Marines	71,000	74,500	3,500
Air Force	56,000	56,200	200
Total	479,100	483,100	4,000

a/ Program #4 through Change 25, 19 April 1967

b/ Program #4 through Change 33, 17 May 1967

The increase in the approved SVN strengths was the result of two decisions:

a. On 12 April 1967, the Secretary of Defense approved an increase of 3500 for the Marine Corps in SVN to offset out-of-country non-effective personnel and keep combat units near full strength.

b. On 8 May 1967, the Secretary of Defense approved additional forces for PRACTICE NINE, of which 478 personnel are authorized for SVN (336 Army and 142 Air Force).

The table below shows the increase in approved strengths for Thailand by Service.

### PROGRAM #4 STRENGTH FOR THAILAND - JUNE 30, 1968

	<u>Previously Approved</u>	<u>Currently Approved</u>	<u>Increase</u>
Army	11,000	11,300	300
USN, USMC, CG	500	500 a/	-
Air Force	29,800	32,600	2,800
	41,300	44,400	3,100

a/ Does not reflect temporary deployment of Navy SP-2 Squadron (331 personnel) from November 1967 to March 1968.



## SECRET

The Air Force strength increase is associated with the Secretary of Defense 8 May 1967 decision on PRACTICE NINE and includes an EC-121 Wing and an F-4 Squadron. The Army increase includes 39 personnel associated with PRACTICE NINE. Other approved Army increases are an ASA Detachment (77 personnel), a Personnel Services Company (73 personnel), and a Logistic Support Command Headquarters (57 personnel).

The preliminary MACV strength report for April indicates that the plan (Program #4 through Change #33) was exceeded by approximately 13,300 as shown below:

### APRIL 1967 STRENGTH IN SVN

	<u>Planned</u>	<u>Actual</u>	<u>Difference</u>
Army	273.6	285.9	+12.3
Navy	26.1	25.9	- .2
Marines	74.0	74.1	+ .1
Air Force	55.4	56.5	+ 1.1
	<u>429.1</u>	<u>442.4</u>	<u>+13.3</u>

The Army overstrength of 12,300 was the second successive month the Army exceeded Program #4 by a sizeable margin; Army March overstrength was 17,800. MACVs explanation was that there had been a change in reporting procedures for handling transients and patients. There also had been an excess of approximately 8,600 individual replacements over losses.

Strength reports through Army channels, however, show a somewhat different picture. April Army reports show an overstrength of 5,600 (including patients and TDY) as compared to the MACV reported overstrength of 12,300. Since 97.2 per cent of the reported Army strength for SVN is in Army units assigned to USARV, the reasons for such discrepancies are not apparent. The Department of the Army has tasked USARPAC to resolve the differences between the two reports. This matter will also be discussed at the CINCPAC Strength Accounting Conference to be held 22-25 May 1967.

## SECRET

# SECRET

## ROLE OF THE SOUTHERN VIETMINH CADRE IN SOUTH VIETNAM

RAND recently published\* a study of the Vietminh cadres who remained in the South after the ceasefire of 1954. Based on interviews with 17 prisoners and 6 defectors, the study describes the treatment of these "stay-behinds" by the Diem government, their relationship to the "second resistance", and the implications for our ability to negotiate a peace settlement with Hanoi.

Some of the Vietminh cadres who remained in the South after 1954 actively responded to the discipline and control of the Vietminh leaders in Hanoi. These "actives" organized and propagandized but did not terrorize. However, many other former Vietminh broke their connections with the Vietminh organization. Their sentiments ranged from loyalty to the Vietminh to hostility.

To check the potential threat from former Vietminh, Diem began to identify and control Communist elements in 1955. The former Vietminh saw this program as a campaign of terror, particularly as enforced in the rural areas. Many former Vietminh and their families, whether active or inactive, were harassed and persecuted by local enforcement agents. While the campaign damaged the Communist apparatus and its excesses may not have been intended by the central authorities (they were not evident in Saigon), the Diem regime lost the trust of many potential supporters among the former Vietminh. The surviving active cadres among the "stay-behinds", later reinforced by Vietminh returning from North Vietnam, were able to recruit those previously inactive in a new revolutionary and intelligence network. Their experience in the war against the French enabled them to make, to maintain and expand base areas for training, later serving as military jumping off points.

The experience of the "stay-behinds" from 1954-60 will probably affect both VC and NVN views on a settlement of the war. They are likely to be cynical about future promises of amnesty. Hanoi also may fear that the VC might disobey Hanoi's instructions because of the Diem experience. Thus, Hanoi may see a peace treaty as a threat to its control over the Viet Cong movement in the South.

\* RM-5163-ISA/ARPA, March 1967: "Origins of the Insurgency in South Vietnam, 1954-1960: The role of the South Vietminh Cadres."

# SECRET



# SECRET

## VC/NVA INCIDENTS IN II CORPS

Despite a greater increase in friendly maneuver battalions in II Corps, the VC/NVA incident rate there has not reacted with the strong upward trend found in I Corps, nor has the II Corps' shift of incidents from civilian to military targets been as strong. However, the pattern of II Corps and I Corps incidents against hamlets and lines of communications are very similar.

In I CTZ Table 1 and graph A show that incidents have steadily increased since the entry of U.S. troops to five times their previous rate (from 436/mo to 2180/mo). II CTZ incident rates, however, doubled after the entry of U.S. troops, dropped back to previous rates and then doubled again in January-February of this year (graph B).

Graph C shows military incidents compared with growth in friendly battalion strength in II Corps. When U.S. forces entered II Corps, 28% of all II Corps incidents were directed at military targets; this rose to 47% by January-February 1967. In I Corps, military incidents rose from 25% to 83% of the total. In II Corps, the shift to military incidents has been slower than the friendly force buildup. II Corps maneuver battalion strength increased 2.2 times between the entry of U.S. forces and first quarter 1967; the proportion of military incidents increased only 1.7 times. In I Corps, maneuver battalions increased 1.8 times; the proportion of military incidents increased 3.3 times.

TABLE 1  
(Monthly Average by Quarter)

	1965				1966				1967
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Jan Feb
<b>I CORPS</b>									
Military Incidents	126	108	168	362	800	1143	1114	817	1813
Other Incidents	321	328	247	441	282	175	264	243	366
Total	447	436 <sup>a/</sup>	415	803	1082	1318	1378	1060	2179
Mil as % of Total	28	25	40	45	74	87	81	77	83
Maneuver Bns <sup>b/</sup>		29.8	35.3	35.3	41.0	45.1	52.8	52.8	54.0
<b>II CORPS</b>									
Military Incidents	79	84	121	152	324	168	154	141	368
Other Incidents	295	342	308	360	510	333	258	215	419
Total	374	426	429 <sup>c/</sup>	512	834	501	412	356	787
Mil as % of Total	21	20	28	30	39	34	37	40	47
Maneuver Bns <sup>b/</sup>			25.8	36.8	41.0	44.0	49.3	57.7	57.7

Source: NMCC VCJSA File

<sup>a/</sup> Introduction of III MAF 8 March.

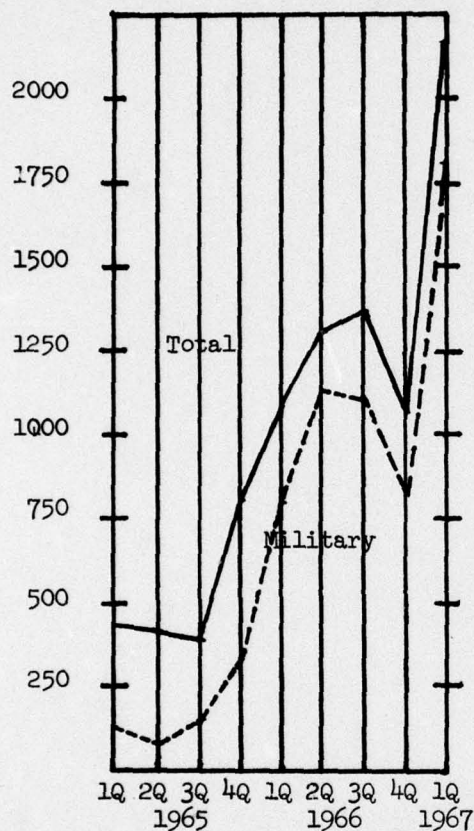
<sup>b/</sup> Weighted: U.S. Army = 1, USMC = 1.5, ARVN = 0.59, ROK = 1, ROK MC = 1.5.

<sup>c/</sup> Introduction of U.S. Army in July.

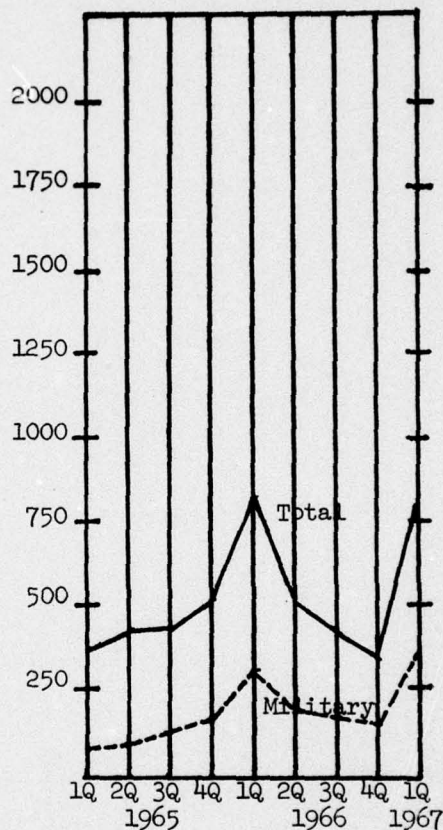
# SECRET

## VC/NVA INCIDENTS (Monthly Average)

GRAPH A  
I CORPS



GRAPH B  
II CORPS



Incidents involving fixed and rotary wing aircraft in II Corps (Table 2) have fluctuated with the peaks and declines of the overall incident rate, with a sharp increase in January-February 1967. In contrast, I Corps incidents increased and remained at high levels throughout 1966, reaching an extremely high rate (2240 per month) in January-February 1967. Reported incidents involving helicopters alone (excluding fixed wing) also fluctuated at low levels in II Corps instead of growing to the sustained high rates in I Corps. Helicopter incidents in II Corps peaked at 11% (173) of the total in January-February 1967 in contrast to the I Corps rate of about 27% throughout 1966.

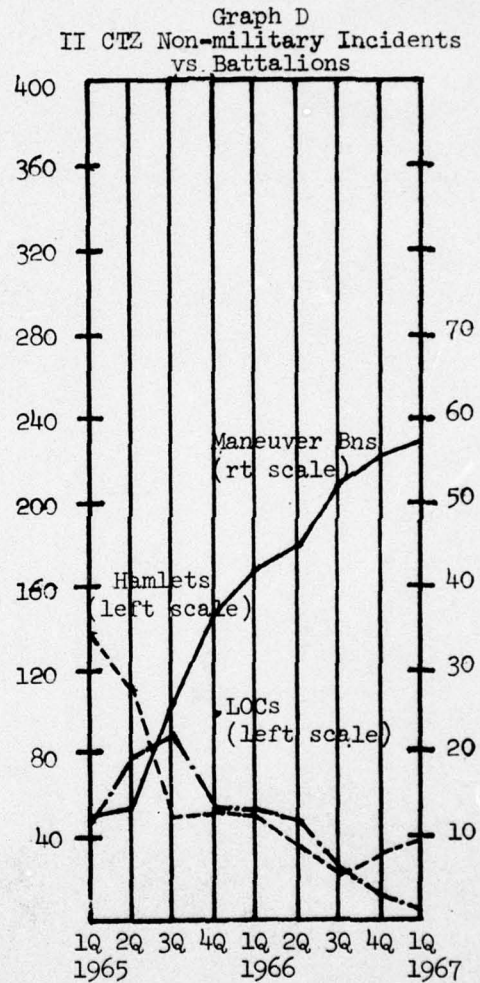
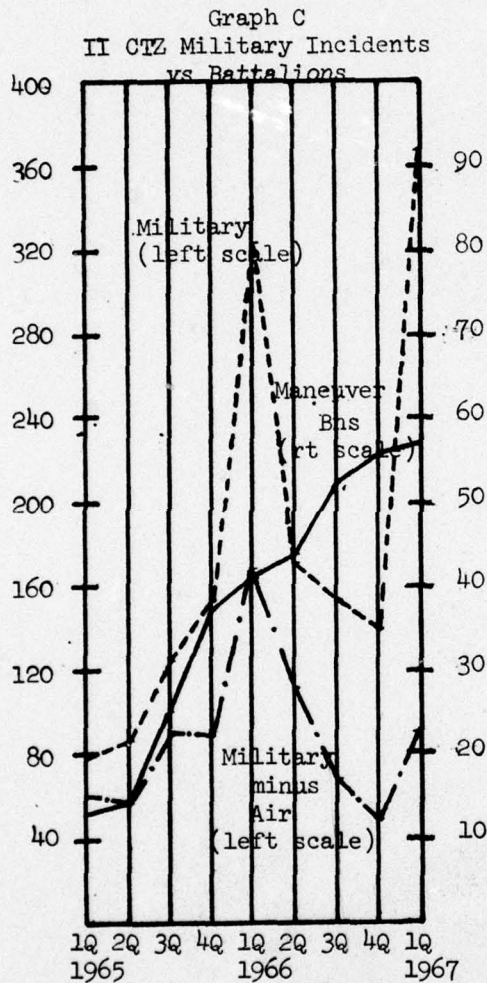
Incidents against military units and personnel peaked in 1st quarter 1966 at 165 per month or 21% of the total. Before 4th quarter 1965 virtually no incidents against company size or larger military units were reported. In 4th quarter 1965, 23 such incidents occurred per month and in 1st quarter 1966

# SECRET



# SECRET

they peaked at 88 per month and then declined to 36 per month in January-February 1967. In I Corps incidents against company sized and larger units started at a rate of 27 per month, rose to 575 per month (3rd quarter 1966) and declined to 480 per month in January-February 1967.



## SECRET

Graph D shows two groups of non-military incidents (against hamlets and against lines of communication) compared with the growth in battalion strength. II Corps activity against LOCs (roads, railroads, bridges, etc.) appears inversely related to the buildup and follows a pattern very similar to I Corps. LOC incidents peaked at 20% of all incidents (87 out of 428) in the same quarter the U.S. buildup began (3rd quarter 1965). By 1st quarter 1967 these incidents had dropped to less than 1% of all incidents (7 out of 787). The decrease is probably due to the fact that most of Highway 1 in II Corps and the railroad along the coast now lie within the Korean and U.S. coastal Tactical Areas of Operation.

Exactly as in I Corps, the number of incidents against hamlets reached a sustained high level in 1964, declined in 1965 by more than 50% and by the beginning of 1966 had returned to 1963 levels.

SECRET



# SECRET

TABLE 2

## II CORPS INCIDENTS (Monthly Average by Quarter)

	<u>1963</u>				<u>1964</u>				<u>1965</u>			
	<u>1Q</u>	2Q	3Q	4Q	<u>1Q</u>	2Q	3Q	4Q	<u>1Q</u>	2Q	3Q	4Q
<u>INCIDENTS INVOLVING:</u>												
Military												
Aircraft <u>a/</u>	15	16	2	11	14	25	14	12	19	27	35	60
Other <u>b/</u>	50	45	60	174	179	109	115	66	60	57	86	81
Subtotal	65	61	62	185	193	134	129	78	79	84	121	150
Non-Military												
Hamlets <u>c/</u>	22	24	43	222	168	166	224	132	137	110	46	47
LOCs <u>d/</u>	4	5	6	20	35	17	57	68	48	75	87	50
Other	37	37	36	50	63	179	213	144	111	157	174	261
Subtotal	63	66	85	292	266	362	494	344	296	342	307	361
TOTAL	128	127	147	477	459	496	623	422	375	426	428	511
% Military of Total	51	48	42	39	42	27	21	18	21	20	28	30

Source: NMCC VCJSA File

a/ Includes helicopters.

b/ Includes outposts, facilities, camps, bivouac, units, personnel, company or larger and less than company.

c/ Includes NRL Hamlet, security fences, hamlets.

d/ Includes roads, all bridges, RR tracks and facilities, communication lines.

# SECRET

ENTS  
(Quarter)

**SECRET**

	<u>1964</u>				<u>1965</u>				<u>1966</u>				<u>1967</u>
4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Jan Feb
11	14	25	14	12	19	27	35	68	159	57	87	91	278
174	179	109	115	66	60	57	86	84	165	111	67	50	90
185	193	134	129	78	79	84	121	152	324	168	154	141	368
222	168	166	224	132	137	110	46	47	46	36	25	35	38
20	35	17	57	68	48	75	87	50	49	45	27	14	7
50	63	179	213	144	111	157	174	264	415	252	206	167	374
292	266	362	494	344	296	342	307	361	510	333	258	216	419
477	459	496	623	422	375	426	428	513	834	501	412	357	787
39	42	27	21	18	21	20	28	30	39	34	37	40	47

divouac, units, personnel,  
amlets.  
and facilities, communication lines.

**SECRET**



# SECRET

## ENEMY INCIDENTS IN IV CORPS

The introduction of U.S. combat forces into IV Corps early this year may have sparked a sharp reaction by the Viet Cong. January and February 1967 incident rates in IV CTZ were up nearly 30% over the levels of a year earlier and the last quarter of CY 1966. Total military and civilian incidents per month almost matched the peak level of the final quarter of 1965 (866 vs 886). The high rate in early 1967 is due to a new peak in military incidents (740 vs 651); non-military incidents were below the levels of the past two years. Aircraft incidents account for most of the increase; the 272 incidents were 101 over the Oct-Dec 1966 level and 193 over the level of a year ago.

This increase in aircraft incidents continues the generally upward pattern of the past 4 years. The pattern has been one of sharp increases to new levels: a jump from 17 to 50 (194% increase) in the 2nd quarter of 1964; an increase from 52 to 103 (98% increase) in the 4th quarter of 1965; and a jump from 103 to 171 (66% increase) in the 4th quarter of 1966. A further increase of 59% took place during the first two months of this year. These increases reflect the increases in tactical air and helicopter sorties that have occurred during this period. For example, helicopter flying hours in IV CTZ increased from 11,800 in the 4th quarter of 1965 to 16,700 during the 2nd quarter of 1966 and about 21,000 per quarter during the last half of 1966. Other factors may be changes in VC tactics and availability of new weapons and ammunition.

Among non-military targets in IV corps the overall trend is downward: 126 per month in the 1st two months of this year compared to 200 per month during CY 1965. Hamlets and villages were primary objects from April 1963 through June 1964. Beginning in July 1964, the emphasis shifted to sabotage (against roads, bridges, and railroad facilities), which suddenly and sharply increased (a 261% increase over the previous quarter's sabotage level) as incidents against hamlets and villages took a downward turn (from 52% to 32% of non-military incidents).

# SECRET

## INCIDENTS IN IV CTZ

(Monthly Average by Quarter)

		<u>1963</u>				<u>1964</u>					
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<u>Incidents Involving:</u>											
Military											
Aircraft	a/	11	6	12	10	17	50	74	36	37	38
Outposts	b/	37	72	136	230	116	170	361	385	397	447
Personnel & Units		46	73	73	94	61	51	55	94	93	77
Subtotal		94	151	221	334	194	271	490	515	527	562
Non-Military											
Hamlet & Villages	c/	13	81	95	77	49	65	69	32	55	43
Roads, Bridges & RR	d/	2	4	16	23	21	32	118	97	91	115
Civilians	e/	6	15	12	2	3	27	28	25	28	53
Subtotal		21	100	123	102	73	124	215	154	174	211
<u>TOTAL</u>		115	251	344	436	267	395	705	669	701	773
% Military of Total		82	60	64	77	73	69	70	77	75	73

Source: NMCC VCJSA File

a/ Includes helicopters

b/ Includes watchtowers

c/ Includes hamlets, NRL Hamlets and facilities, security fences.

d/ Includes vehicular and railroad bridges, railroad tracks and facilities

e/ Includes officials and inhabitants.

# SECRET



**SECRET**

<u>1963</u>		<u>1964</u>				<u>1965</u>				<u>1966</u>				<u>1967</u>
3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Jan-Feb
12	10	17	50	74	36	37	38	52	103	79	85	103	171	272
136	230	116	170	361	385	397	447	328	479	385	430	260	275	330
73	94	61	51	55	94	93	77	60	69	76	118	72	93	138
221	334	194	271	490	515	527	562	440	651	540	633	435	539	740
95	77	49	65	69	32	55	43	28	41	24	29	17	21	29
16	23	21	32	118	97	91	115	104	141	63	140	76	87	62
12	2	3	27	28	25	28	53	37	53	60	50	27	27	35
123	102	73	124	215	154	174	211	169	235	147	219	120	135	126
344	436	267	395	705	669	701	773	609	886	687	852	555	674	866
64	77	73	69	70	77	75	73	72	73	79	74	78	80	85

ies, security fences.  
railroad tracks and facilities

**SECRET**

# SECRET

## GO CONG PROVINCE - PACIFICATION AND VC ACTIVITY

A number of logical theses on changes in patterns of VC incidents in an area undergoing pacification could be developed. One might be a sharp increase in actions as the VC reacted to GVN efforts to increase their control. An alternative hypothesis would be that pacification progress leads to an over-all drop in incident rates. Data on Go Cong Province in IV Corps, a province making rapid progress, supports this latter thesis. a/

When an area is pacified by the GVN significant changes in incident patterns should occur. The nature of the change probably differs depending on the strength of the VC, the approach taken by the GVN, etc. As a preliminary study of how activity patterns change, Go Cong, a province in northeastern IV Corps, was examined. Go Cong Province was created in January 1964 when it was separated from Dinh Tuong Province. GVN efforts have increased its control in Go Cong from essentially 0% to about 50% and progress is continuing. Therefore, Go Cong appears to be a good test of the changes in VC activity as an area is successfully pacified.

Objects of VC Incidents - Table 1 examines the objective of VC incidents since Go Cong was created in 1964. Total numbers of actions have dropped sharply since Jan 1966, averaging 46 per quarter compared to 170 per quarter in 1964 and 132 in 1965. Incidents against military objects decreased until the final quarter of 1966 when a sharp jump occurred; the 1st quarter 1967 level was even higher. The primary cause of this rise was an increase in incidents against aircraft. This may merely reflect a large increase in aircraft sorties in the area or it may be indicative of changes in VC tactics and equipment. In any event aircraft incidents would appear to have little if any impact on the study. If these are excluded, the military incident level would be stable from early 1966 to the present.

Incidents against civilian targets and transportation/communications targets tended to increase in 1964 and early 1965 and declined steadily since. One target that has been struck more frequently is waterborne craft. This may reflect the greater use of waterways since the province began to be secured or it may reflect greater activity by GVN/US forces (such as GAME WARDEN) which draw VC fire. The data are not adequate to provide any insight as to the reasons for this increase.

a/ A data file recently automated by the JCS National Military Command Center (NMCC) may provide a new tool to evaluate pacification progress. This file, based on a study of VC incidents by WSEG (Staff Study 122, May 1966), permits detailed examination of VC incident patterns by province using two type of measures: 1) 36 categories of actions (e.g., attack, harassing fire, sabotage) and 2) 83 categories of the objective of the action (e.g., military unit, outpost, road). The data are very detailed and can be sorted and viewed in innumerable ways. (NMCC file VCJSA)

# SECRET



**SECRET**

TABLE 1

VIET CONG INCIDENTS - GO CONG PROVINCE

**SECRET**

	1964				1965				1966				1967
	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st
	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr
<u>Military</u>													
Watch Tower, Outposts	76	54	106	41	43	30	9	46	13	15	4	5	6
Aircraft	1	5	13	6	3	5	1	8	3	4	8	20	16
Police, Military Personnel & Units	11	12	16	11	26	21	8	11	9	11	1	10	18
Other	-	-	1	0	4	3	1	2	-	-	-	-	-
Sub-total	88	71	136	58	76	59	19	67	25	30	13	35	40
<u>Civil</u>													
Hamlets & Villages	5	2	3	1	23	9	2	6	-	-	-	1	2
Civil Facilities	-	2	4	2	4		4	-	1	-	-	-	-
Civil Officials	-	3	5	5	4	5	1	3	2	2	2	1	-
Other	1	4	5	2	-	-	3	2	1	5	-	2	3
Sub-total	6	11	17	10	31	14	10	11	4	7	2	4	5
<u>Transportation/Communications</u>													
Roads & Bridges	32	33	155	33	71	72	42	42	14	9	-	14	4
Land Vehicles	1	4	10	5	7	3	0	1	-	-	-	2	-
Water Vehicles	2	6	1	1	1	-	-	-	-	5	-	4	12
Communications	-	-	-	-	-	1	-	-	-	-	-	-	-
Other	-	-	-	-	-	1	-	-	-	-	-	-	-
Sub-total	35	43	166	39	79	77	42	43	14	14	-	20	16
Total	129	125	319	107	186	150	71	121	43	51	15	59	61

**SECRET**

**SECRET**

# SECRET

## THE STRATEGY OF ATTRITION

MACV's briefings and public statements emphasize the goal of attriting enemy forces faster than the enemy can recruit and infiltrate replacements. Is this emphasis practical or wise? Many senior officers have noted that the enemy fades into the jungle and refuses to fight when faced with superior forces. Some make the stronger statement that the enemy only fights at a time and place of his own choosing. If these statements are largely true, and if the enemy's objective in fighting is to harrass and outlast us, he is unlikely to fight so hard as to allow us to deplete his forces.

Because the enemy's degree of control over the pace of the action determines how well he can control his attrition, we have analyzed the degree of the enemy's tactical initiative. We classified 56 platoon-sized and larger fire-fights in 1966 according to how they developed. The data is based on detailed accounts in I, II, and III CTZ, as compiled by S.L.A. Marshall and F.J. West, under Service sponsorship.

TABLE I

### TYPE OF ENGAGEMENTS DESCRIBED IN COMBAT NARRATIVES

<u>Category Description</u>	<u>Nr. of Engagements</u>	<u>Percent Total</u>	<u>Percent Subtotals</u>
1. Hot Landing Zone. Enemy attacks U.S. troops as they deploy onto the battlefield.	7	12.5	
2. Organized enemy attack against a U.S. static defense perimeter.	17	30.4	
3. VC/NVA ambush or encircle and surprise a moving U.S. unit, using what is evidently a preconceived battle plan.	13	<u>23.3</u>	66.2
4. A moving U.S. unit engages the enemy in a dug-in or fortified position:			
a. The main engagement comes as a virtual surprise to the American tactical commander because the enemy is well concealed and has been alerted either by observations of our unit or by our engaging apparent stragglers near-by.	7	<u>12.5</u>	78.7
b. The U.S. tactical commander has reasonably accurate knowledge of enemy positions and strength before committing his forces.	3	<u>5.4</u>	
5. U.S. unit ambushes a moving enemy unit.	5	8.9	84.1
6. Chance engagement, both sides surprised.	4	<u>7.1</u>	
TOTAL	<u>56</u>	100.1	



## SECRET

The enemy willingly and knowingly stood and fought a pitched battle in 47 (84%) of the 56 battles (Categories 1-4 in Table I). The enemy ambushed and assaulted our forces in 37 (66%) of the cases; the enemy had the advantage of surprise in 7 other cases (12%) in which U.S. forces were moving against him.

The 10 cases in which a moving US unit engaged a dug-in enemy (Category 4) warrants further discussion. Typically, during the 7 engagements of Category 4a, American units pressed forward into combat after events made them aware of enemy presence. Our company and platoon commanders in these narratives often strived to take immediate advantage of what seemed to be an inviting situation without fully reconnoitering enemy forces and positions. The enemy appeared to be caught in an unaware or straggling condition that viewed in hindsight may have been a lure. Clearly, the enemy chose these occasions to fight. Usually he was badly beaten. In the future he may not be so willing, and we may not be able to kill so many.

The 3 cases in Category 4b were instances when the American commander engaged enemy positions while possessing accurate knowledge of both the enemy force and its position.

Common to 44 of the 56 cases (78.7%) in the first three categories and 4a is the element of enemy surprise with regard to time, position, or strength; the American tactical commander was put at an initial disadvantage by enemy initiative. The entire picture is not consistent with the successful prosecution of a strategy to force attrition upon the enemy against his will.

After Action Reports. COMUSMACV requires that an After-Action Report be written by the responsible commander after every significant operation. These reports constitute the most comprehensive official source of information available on ground operations. Reports covering 77 U.S. operations terminating from January through October 1966 were reviewed (of 186 total) to determine what percentage of VC/NVA losses (KIA-body count plus captured) occurred in combat resulting from enemy initiative or active willingness to engage at the tactical level. Enemy mortar attacks, sniping, and attempts to over-run our perimeters are examples of the overt action which indicated that he sought combat.

The pertinent portions of the reports are the narrative accounts, which vary in quality and detail. There was sufficient information to permit classification of only 38% (3600 of 9458) of the enemy casualties; in the other cases the enemy casualties in the "body count" are unexplained by the narratives, or are covered by narratives too vague to be interpreted in the present context. Table 2 shows that of the classifiable enemy casualties, 62% occurred in actions where the enemy sought the initial contact.

# SECRET

TABLE 2

## DEPENDENCE OF ENEMY LOSSES ON ENEMY INITIATIVE AT THE TACTICAL LEVEL JANUARY THROUGH OCTOBER 1966

Enemy KIA & Cpt informatively described as to occurrence		
Category I	- Those enemy Casualties occurring when enemy sought initial contact.	1,982 (62%)
Category II	- Those enemy Casualties occurring when enemy did not seek initial contact.	<u>1,233</u> (38%)
Subtotal	- Category I plus Category II	3,215 (100%)
Other	- Those enemy Casualties resulting from air, arty, mines, etc., and not classifiable above.	<u>385</u>
		<u>3,600</u>

### ARCOV Study Results

Independently, the Army Combat Operations - Vietnam study, which analyzed a different set of battles in late 1965 and early 1966, found that 46% of the fights begin as enemy ambushes and that the enemy starts the fight in 88% of the cases; moreover, it found that 63% of the infantry targets encountered were personnel in trenches or bunkers.

### Conclusion:

During 1966 most of the enemy attrition depended upon his willingness to engage. His aggressive and offensive tactics were obvious in ambushes both at landing zones and as our units moved forward on sweeps. He anticipated our tactics, produced substantial U.S. casualties, and decided the losses he was willing to take. While more effective U.S. techniques probably can increase enemy attrition, we must recognize that U.S. ground units do not have the tactical initiative in most encounters at present.

Enemy attrition in 1966 was largely the result of his seeking combat, not the result of combat forced upon him. Continued large-scale enemy attrition remains subject to his willingness to fight. Should the enemy find that his attrition has reached a rate unacceptable to him, he can avoid combat, use more mortar and rocket attacks, resort to smaller, guerrilla-like actions, or rely increasingly upon isolated acts of terrorism. Given such an enemy decision, and without a change in the tactics employed by U.S. forces, a strategy of attrition cannot be prosecuted successfully.



# SECRET

## FORCE EFFECTIVENESS IN II CORPS

Pacification progress in II Corps was greater than in I Corps during CY 1966. As in I Corps (see April SEA Analysis Report) enemy KIA rates in II Corps cannot be predicted on the basis of increases in either friendly strength or friendly activity.

### Population Control\*

Table 1 shows an increase of 342,000 people in the II Corps secured category in contrast to I Corps' decrease of 8,800.

TABLE 1

### CIVILIAN POPULATION CONTROL IN II CORPS (thousands)

	1965		1966				End 1966- End 1965
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
Secured	937	1020	1133	1079	1079	1362	+ 342
Undergoing Securing	112	116	72	171	155	136	+ 20
Undergoing Clearing	778	809	800	788	825	789	- 20
Uncontested	7	10	9	53	26	32	+ 22
VC Control	779	678	614	582	599	425	- 253
Total	2613	2633	2628	2673	2684	2744	+ 111

In comparing I Corps and II Corps in the VC control category, II Corps again was ahead--a decrease of 253,000 persons under VC control versus 217,000 persons for I Corps. Since II Corps had a slightly faster rate of increase in friendly maneuver battalion strength, the average reduction in the VC controlled population per battalion per month were essentially equal: 11,000 in II Corps versus 10,700 in I Corps.

### Enemy KIA

II Corps data in Table 2 and graph A show no correlation between enemy KIA and increases in friendly battalion strength. Table 2 and graph B also indicate that we cannot predict future enemy KIA rates from previous trends in battalion days of operations and small unit actions with contact.

\* Pacification progress in II Corps cannot be measured in terms of increases in the Tactical Areas of Responsibility (TAOR). An Army TAOR is a base area; the enemy main forces are outside the TAORs. The USMC TAOR is an area in which the Marines operate; they raise security inside gradually expanding TAORs.

# SECRET

The two peaks in enemy KIA are due to two large operations in each of the two quarters. In 1st quarter 1966 Operations VAN BUREN and MASHER/WHITE WING accounted for 1701 enemy KIA or 131 per week of the 401 weekly average for that quarter. Operations THAYER II and SAM HOUSTON killed 2400 enemy in 1st quarter 1967, or 185 of the 441 weekly average. If the enemy had chosen to fight in those quarters as he fought in the others, his losses would have been 270 and 256 per week, respectively. The average for the seven quarters would have been 300 per week, with a range of only  $\pm 50$  per week.

TABLE 2

	1965			1966			1967
	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Enemy KIA per week	290	317	401	335	276	349	441
Battalion Days Operation	1466	1817	2762	2887	3147	4097	4987
Small Unit Action w/Contact	348	413	201	246	207	211 <sup>b/</sup>	304
Maneuver Bns <sup>a/</sup>	25.8	36.8	41.0	44.0	49.3	57.7	57.7

<sup>a/</sup> Weighted: U.S. Army = 1, ARVN = .59, ROK = 1, ROK MC = 1.5.

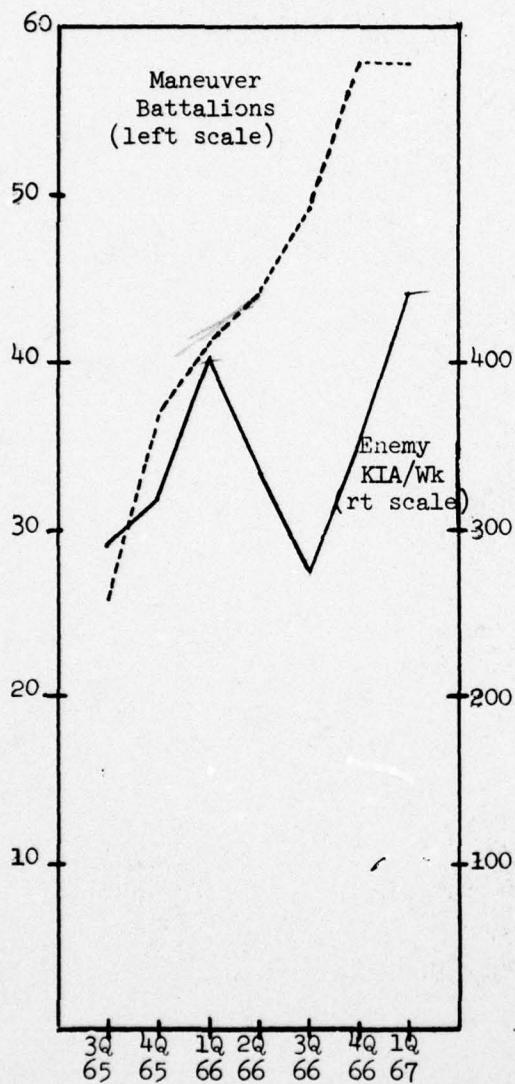
<sup>b/</sup> U.S. Army did not report Small Unit Actions w/Contact after September 1966.



# SECRET

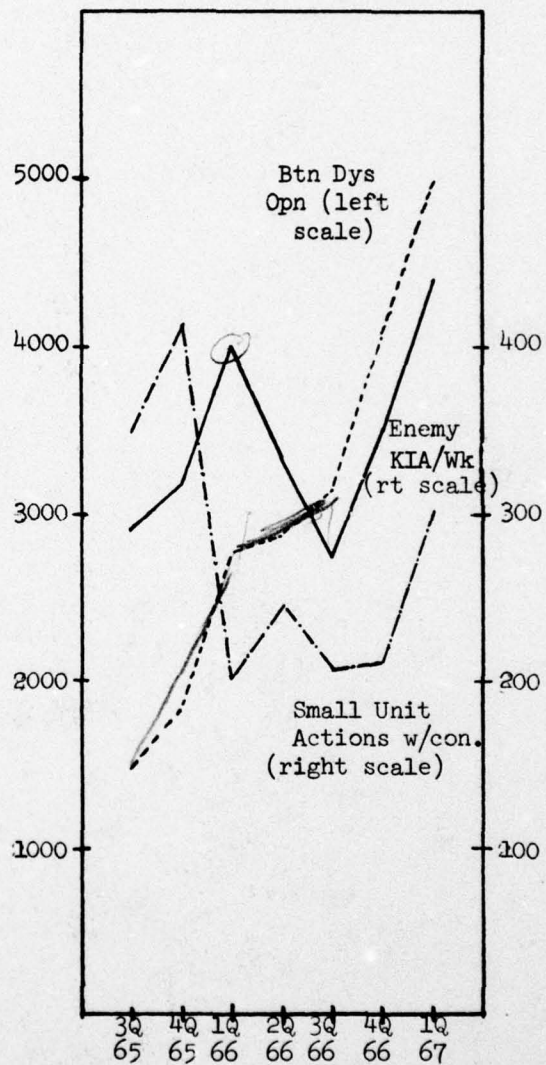
Graph A

Enemy KIA vs Friendly Strength



Graph B

Enemy KIA vs Friendly Activity



# SECRET

# SECRET

## LARGE U. S. ARMY GROUND OPERATIONS IN II CORPS

The U. S. Army conducted 60 search and destroy operations in II Corps from August 1965 to March 1967, using over 75% of the battalion days of operation (the rest were used for security operations). The search and destroy operations killed (body count) 14,526 VC/NVA in 7,055 battalion days of operation - 2.1 KLA per battalion day. However, while the average number of battalion days per operation and the average number of battalions committed per operation has increased steadily, the enemy killed per battalion has decreased equally as sharply since the 1st quarter of 1966. (See Table 1) The lowest point occurred in the 3rd quarter of 1966, the same quarter in which there was the highest average of battalions committed per operation. (See graphs)

The last two quarters of 1965 seem to represent a period of learning for both the enemy and the U. S. In the subsequent period between January 1, 1966 and April 5, 1967 the U. S. Army started and completed 32 search and destroy operations<sup>a/</sup> in II Corps. Table 2 groups these operations according to size, both in terms of battalions committed and battalion days of operation. Short operations produced between two and three times as many enemy killed per battalion day as long operations.

<sup>a/</sup> This number does not equal the one found on Table 1 because (1) long operations were not divided; (2) two operations included on Table 1 were not completed by April 5th; (3) four small operations totalling 24 battalion days with only one or two committed battalions were eliminated.



# SECRET

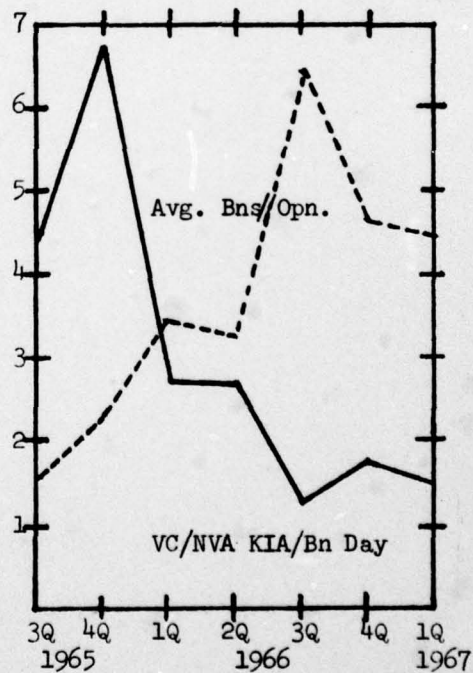
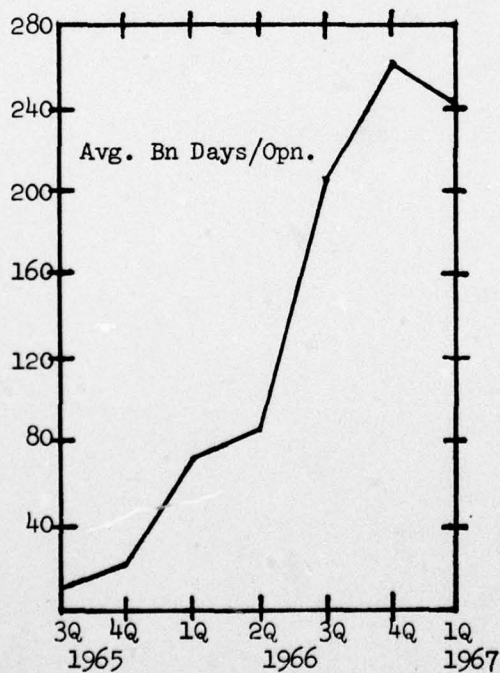
TABLE 1

## U.S. ARMY SEARCH AND DESTROY OPERATIONS IN II CORPS

	1965		1966				1967
	3Q	4Q	1Q	2Q	3Q	4Q	1Q
No. Operations <u>1/</u>	7	11	9	12	6	7	8
Avg Bns/Opn.	1.6	2.3	3.5	3.3	6.5	4.7	4.5
Avg Bn Days/Opn.	10.3	22.6	71.9	86.1	207.7	263.9	245.1
Avg VC/NVA KIA/Opn	46.7	152.9	199.0	236.1	263.5	470.6	377.3
VC/NVA KIA/Bn Day	4.54	6.76	2.77	2.74	1.27	1.78	1.54
VC/NVA KIA/US KIA	13.63	5.53	5.83	8.64	10.13	9.89	6.38

1/ Operations are grouped by the quarter in which most of the operation took place. However, 4 operations took place in two quarters, e.g., Adams. These were divided into two operations and the results divided between quarters in proportion to the days in each quarter.

Source: NMCS Computer File, After Action Reports, and FEPAC Summary. Every effort was made to obtain all operations, but a few may have been missed due to missing records early in the war.



# SECRET

# SECRET

TABLE 2

ARMY SEARCH AND DESTROY OPERATIONS IN II CORPS  
JANUARY 1, 1966 - APRIL 5, 1966

SIZE		RESULTS			
<u>Range of Bn Days</u>	<u>Bns Committed</u>	<u>No. Opers</u>	<u>Bn Days</u>	<u>VC/NVA KIA</u>	<u>VC/NVA KIA/Bn Day</u>
over 100	4 or more	11	3900	7123	1.83
over 100	less than 4	7	1260	1511	1.20
25-100	4 or more	4	252	946	3.75
25-100	less than 4	10	424	1499	3.54



# SECRET

## RVNAF EFFECTIVENESS

The discrepancies in effectiveness of the RVNAF in I, II, and III Corps are much greater than those of the U.S. in the same Corps. The better performance of the RVNAF in I CTZ than in II and III Corps supports the contention that the Marines are doing a better job of supporting and encouraging the RVNAF than is the Army, although there may be other reasons.

Search and Destroy Operations. RVNAF (ARVN, RF, PF and CIDG) effectiveness per battalion day on search and destroy operations during August 1966 through March 1967 was less than U.S. effectiveness, but only about 25% less when weighted by relative strengths. Table 1 also shows that RVNAF effectiveness is much higher in IV Corps and I Corps than in II and III Corps: e.g., enemy killed per battalion day of operation in I and IV Corps are 7 times better than III Corps and 3 times better than II Corps.

TABLE 1<sup>a/</sup>

### SEARCH AND DESTROY EFFECTIVENESS

	<u>Corps Tactical Zones (CTZ)</u>				<u>Countrywide</u>
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	
<u>RVNAF</u>					
VC/NVA KIA per Bn Day	2.42	.69	.34	2.40	1.27
Weapons Captured per Bn Day	.45	.25	.16	1.27	.48
VC/NVA KIA per RVNAF KIA	5.65	6.43	4.52	10.85	6.93
<u>U.S.</u>					
VC/NVA KIA per Bn Day	2.02	1.56	1.62	-	1.69
Weapons Captured per Bn Day	.29	.50	.55	-	.47
VC/NVA KIA per US KIA	8.30	8.39	7.76	-	8.13

a/ Battalion days of operation are calculated by MACV on company days. The present-for-duty strength of a standard U.S. Army company is 263, of a standard U.S. Marine company 297, and a standard ARVN company 156. Using the U.S. Army company as the standard, the weighting factors used to develop Table 1 are 1.00, 1.13, and .59 respectively.

Small Unit Actions. RVNAF effectiveness in small unit actions also varies among the CTZ. Table 2 shows that RVNAF does the best in IV Corps. Unfortunately, the data available for the U.S. in the three northern CTZs are insufficient for comparison.

TABLE 2

### RVNAF EFFECTIVENESS ON SMALL UNIT ACTIONS

	<u>Corps Tactical Zones (CTZ)</u>				<u>Countrywide</u>
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	
Contacts per 1000 Small Unit Actions	1.97	2.05	1.59	2.23	2.00
VC/NVA KIA per Contact	3.61	2.34	3.36	4.78	3.73

SECRET

# SECRET

Corps Ranking. Table 3 ranks the Corps on the basis of Tables 1 and 2. Assigning points to each rank (low score is best) shows that the RVNAF is most effective in IV Corps followed by I, II, and II Corps. The U.S. is equally effective in all three Corps. (These measures, however, ignore RVNAF and U.S. effectiveness in the pacification effort.)

TABLE 3

	1st	2nd	Rank 3rd	4th	Overall Rankings
<u>RVNAF Corps</u>					
VC/NVA KIA per Bn Day	I	IV	II	III	IV Corps - 6 points
Weapons Captured per Bn Day	IV	I	II	III	I Corps -11 points
VC/NVA KIA per RVNAF KIA	IV	II	I	III	II Corps -14 points
Contacts per 1000 Small Unit Action	IV	II	I	III	III Corps -19 points
VC/NVA KIA per Contact	IV	I	III	II	
<u>U.S. Corps</u>					
VC/NVA KIA per Bn Day	I	III	II		I Corps -6 points
Weapons Captured per Bn Day	III	II	I		II Corps -6 points
VC/NVA KIA per U.S. KIA	II	I	III		III Corps -6 points



# SECRET

## SVN INFLATION IN CY 67

CY 67 inflation can be held to 20-25%, recognizing periods of uncertainty (e.g., elections) and short-term shortage (e.g., rice). CY 67 inflation through 30 April has been 16%. A rate of inflation of 25% has the same effect on the incomes of GVN employees and members of the Armed Forces as cutting their salaries by 20%.

The MACV additions to the approved deployment plan would not appreciably affect piaster spending or inflation in CY 67 but would affect spending and possibly inflation in CY 68 and CY 69. Piaster cost per year of 15,000 troops is roughly Pl billion.

## The Dangers of Inflation

A modest degree of inflation in Vietnam could be helpful. Pressure from rising prices forces rural and urban families to seek additional income through higher paying jobs and secondary employment. Labor mobility and total output are thereby increased.

Also, several of the usual disadvantages of inflation are not applicable to SVN. For example, inflation usually leads to balance of payments difficulties as domestic and export prices become relatively higher and import prices become relatively lower. But in SVN the US military (who buy their piasters with dollars) supplies foreign exchange and US AID through CIP supplies imports. In SVN, the US commitment thus offsets the balance of payments effect of inflation.

Nonetheless, Vietnamese inflation in CY 66 was not modest: 80% per year or 6% per month. Such large price rises produce several ill effects in SVN.

In the first place, people on fixed incomes (notably civil servants and members of the armed services) are made relatively worse off as the purchasing power of their income drops. The government and the Army lose their best people since other positions become financially more attractive. Second, inflation breeds corruption as people try to supplement their income by other means if, like the military, they cannot change jobs.

Finally, popular support for the GVN is undermined if it is unable to effectively manage the country's economy.

## Causes of SVN Inflation

Inflation in SVN is caused by too much demand for a limited amount of local resources. The US, the GVN, the private economy (and to some extent even the VC) are all competing for a small amount of local resources often made yet smaller by war damage.

## SECRET

The GVN prints money to meet its needs and those of the U.S., since it does not collect enough in taxes. Financing war-generated demands through increasing the money supply instead of through taxation adds new demands to the economy without cutting private demand. Inflation results.

Increases in the money supply will bring a proportionate increase in prices if all else remains equal. The phrase "if all else remains equal" is important. Price increases can be less than the increase in money supply. A growing economy makes more goods available and this reduces the price rise associated with increases in money supply. Similarly, in countries like Vietnam, substitution of a money economy for barter arrangements allows for some increase in money supply without creating price rises.

On the other hand, price rises can exceed increases in the money supply. Disproportionate price increases most often result from a loss of confidence in the currency. This loss of confidence, due to previous inflation or political-military factors, causes people to shift from holding money to holding goods. People are willing to pay higher prices for goods which they expect will cost even more in the near future.

In SVN increases in prices have been less than increases in the money supply until quite recently. (See Table 1). The change occurred in CY 66 when the money supply increased by slightly less than 50% and prices increased by slightly more than that figure.

The CY 66 trend appears to be continuing in CY 67, based on 1st Quarter results. Price rises in SVN currently are exceeding money supply increases by a ratio of 1.2 to 1, even allowing for the recent rice price increases resulting from a short-lived shortage.

### The Outlook for CY 67

Prices in SVN will rise 32% in CY 67 based on the P17 billion increase in money supply ("gap") estimated by the US mission and a 1.2 to 1 ratio. (See Tables 2 and 3). However, several factors may change the gap projection. Most significant is a lower estimate of US military piaster spending.

The "Piaster Ceiling." On July 1, 1966, the Secretary of Defense established a quarterly "piaster ceiling" whereby JCS was directed to limit (through CINCPAC and COMUSMACV) military and contractor piaster spending. The ceiling for each of the first two quarters was P9 billion. MACV spent P8.5 billion the first quarter and P9.08 billion the second, a total of only P17.6 billion against a forecast of P23.1 billion if no ceiling had existed. Such savings were the result of more careful buying, increased offshore procurement, greater efficiency in construction and a public campaign to induce troops to spend fewer piasters.



## SECRET

In November 1966, CINCPAC/MACV estimated their CY piaster needs to be P44.5 billion. OSD at the same time estimated spending to be P41.7 billion for the year. It now appears that both estimates are too high. The CINCPAC/MACV Piaster Expenditure Reduction Program has been more effective more quickly than was anticipated. The latest OSD projection for CY 67 is only P36.4 billion. (Table 4).

Besides military piaster savings, two other factors may reduce the projected CY 67 gap. First, the P9 billion for subsidies (whereby rice and fertilizer are sold at a lower rate than P118 to \$1) may be overstated and may be only P4 billion. Second, credit expansion will probably be zero or negative instead of P1 billion.

All of these changes could reduce the projected gap to P2.9 billion. But some programs may be revised in a way that will increase it. First, COMUSMACV has requested an increase in the strength of the Vietnamese Armed Forces of 50,000 men starting 1 July. If all 50,000 were on board on 1 July (which is unlikely) GVN military spending would increase only P.9 billion in CY 67. Second, salaries of Vietnamese citizens working for the US Government may be raised, increasing expenditures by P2 billion.

Based on the above changes, CY 67 money supply increases would be only P5.8 billion. Using a ratio of increased prices to increases in money supply of 1.2 to 1, the inflation in SVN for CY 67 would be only 14%. (See Table 2.)

A 14% rate of inflation in SVN would be quite acceptable for CY 67 considering the much higher rates that have prevailed recently. However, particular shortages (e.g., the recent rice crisis) can cause the price of certain commodities to rise, and once prices have gone up they never fall back completely to their old levels. Also, several political periods of uneasiness (e.g., elections) this year could influence prices. Thus an inflation of 20 to 25% is likely.

There is still one large unknown factor which may alter the long run projections substantially. COMUSMACV has asked for additional forces by the end of CY 68.

No troop buildup is likely to disrupt the stabilization effort this year. Not many of them will reach SVN in CY 67. Roughly P1 billion will "buy" 15,000 troops per year or 30,000 troops for 6 months, so the CY 67 gap would probably not be increased by more than P1 or P2 billion.

But the long run implications of a large number of troops is more severe. Each 100,000 troops would cost more than P6.5 billion per year. While there are no gap projections beyond CY 67, economic stabilization is not likely to get much easier.

Piasters spent for US troops are piasters that cannot be spent for other purposes. The contribution to the military effort of these additional troops must be weighed against the contribution to the political effort of such actions as raising GVN salaries and to the military effort of RVNAF salary increases.

## SECRET





**SECRET**

TABLE 2

CY 67 GAP

16 March Embassy Estimate  
(in P billions)

		OSD Est. <u>Possible Gap</u>
<b>Monetary Injection</b>		
GVN Military	P 44.8	P 45.7
GVN Civil	33.0	33.0
US Military	44.5	36.4
US Civil	8.0	10.0
Non-US Piaster Purchases	3.3	3.3
Exports	2.0	2.0
Credit Expansion	1.0	0
Subsidies	9.0	4.0
Total	<u>P145.6</u>	<u>P134.4</u>
 <b>Monetary Withdrawals</b>		
GVN Imports	P 31.8	P 31.8
CIP Imports	18.9	18.9
Food for Peace	13.6	13.6
Special Rice Imports	8.1	8.1
Customs, Austerity and Perequation Revenues	19.6	19.6
Domestic Revenues	26.0	26.0
Invisibles	10.6	10.6
Total	<u>P128.6</u>	<u>P128.6</u>
 GAP	<u><u>P 17.0</u></u>	<u><u>P 5.8</u></u>

DECLASSIFIED AT 5 YEAR INTERVALS;  
DECLASSIFIED ON 12 YEARS.  
DDO DIR 2200.10

May 15, 1967

**SECRET**

**SECRET**

TABLE 3

**POSSIBLE CY 67 MONEY SUPPLY INCREASES AND  
PRICE RISES**

<u>CY 67 Gap</u>	<u>% Change in Money Supply <sup>1/</sup></u>	<u>% Change in Prices <sup>2/</sup></u>
10	15.8	19.0
15	23.7	28.4
17	26.8	32.2
20	31.5	37.8
25	39.4	47.3
30	47.3	56.8

1/ Changes as a percent of the end of CY 66 money supply net of MACV balances.

2/ Based on estimate that price rises will exceed money supply increases by a ratio of 1.2 to 1.

DOWN GRADDED AT 5:47:23 PM 1968;  
DECLASSIFIED ON 12-12-2008.  
DOE RPD 5000 10

**SECRET**



**SECRET**

TABLE 4

DOD PIASTER SPENDING CY 67

	<u>1st Q.</u>	<u>2nd Q.</u>	<u>3rd Q.</u>	<u>4th Q.</u>
Personal Spending				
Per man per month	\$24	\$24	\$24	\$27
Piasters (billions)	P 3.5	P 3.7	P 3.8	P 4.3
O&M Spending				
Per man per month	\$43	\$43	\$40	\$40
Piasters (billions)	P 4.2	P 4.5	P 4.2	P 4.3
Construction Spending				
WIP per month (millions)	\$40	\$40	\$36	\$27
Piasters (billions)	P 1.1	P 1.1	P 1.1	P .7
Total Piasters (billions)	<u>P 8.8</u>	<u>P 9.3</u>	<u>P 9.0</u>	<u>P 9.3</u>

CY 67 Total: P36.4 billion

DOWNGRAD AT 3 YEAR INTERVALS;  
DECLASSIFIED AT 12 YEARS.  
DOD DIR 5200.10

**SECRET**

# SECRET

TABLE 5

## RECENT SVN INFLATION

	<u>USAID Saigon Price Index</u>	
	<u>Including Rice</u>	<u>Excluding Rice</u>
<u>1966</u>		
1 Aug	219	226
1 Sep	215	224
1 Oct	209	216
1 Nov	225	232
1 Dec	230	234
<u>1967</u>		
1 Jan	225	228
1 Feb	254	253
1 Mar	255	250
1 Apr	261	246
1 May	260	247



## SECRET

### THE IMPACT OF OVERSEAS DOD EXPENDITURES FOR THE VIETNAM WAR ON THE US BALANCE OF PAYMENTS

The adverse impact of Vietnam on the US Balance of Payments has been grossly overstated. The actual impact of DOD overseas expenditures for the war is only one-third of the figure usually given. Termination of the war will not eliminate the Balance of Payments deficit.

Overseas DOD expenditures for the war in Vietnam have been cited in several government publications as a major factor in the \$1.7 billion reduction (from \$7.0 billion in CY 65 to \$5.3 billion in CY 66) in the net balance of goods and services, "the trade balance." Net US military expenditures overseas last year increased by \$.7 billion, in spite of substantially increased military equipment sales in Western Europe. Since overseas expenditures for the Vietnam war were \$.9 billion in CY 66, they would appear to be responsible for about 50% of the decline in the US trade balance and 20% of the \$4.5 billion CY 66 deficit.

However, only about one-third of the additional overseas expenditures, \$.3 billion in CY 66, had an unfavorable impact on the US Balance of Payments. The remaining two-thirds are offset by increased US exports induced by raising the incomes and foreign exchange holdings of the recipient countries. The fraction of a dollar of additional DOD expenditures overseas for Vietnam returned as a purchase of US exports ranges from 1.00 for Japan to .40 for the Philippines. In Vietnam, where the largest expenditures occur, 66 cents out of every DOD dollar is returned to the US through the purchase of US goods and services.

The following table shows by country the distribution of US military expenditures for Vietnam (based on the DOD Comptroller's estimates), the induced US exports, and the net dollar drain for calendar 1966, 1967, and 1968.

# SECRET

## BALANCE OF PAYMENTS IMPACT ON OVERSEAS EXPENDITURES (\$ millions)

	CY '66			CY '67		
	(1) Net Dollar Drain (2)-(3)	(2) Addt'l DOD Expendi- tures Due to Vietnam	(3) US Exports Induced by DOD Expend- itures	(1) Net Dollar Drain (2)-(3)	(2) Addt'l DOD Expendi- tures Due to Vietnam	(3) US Exports Induced by DOD Expendi- tures
Vietnam	95.9	281.9	186.0	139.3	409.7	270.4
Ryukyus	--	28.5	28.5	--	38.7	38.7
Japan	--	107.2	107.2	--	153.9	153.9
Korea	16.0	64.0	48.0	24.7	98.8	74.1
Taiwan	20.4	40.8	20.4	32.9	65.7	32.8
Philippines	48.9	81.5	32.6	58.9	98.2	39.3
Thailand	53.3	108.7	55.4	70.8	144.4	73.6
Australia	.7	1.5	.8	.7	1.3	.6
Canada	9.9	36.7	26.8	12.9	47.6	34.7
EEC Nations	6.1	12.1	6.0	8.5	17.1	8.6
All Other	28.3	56.6	28.3	42.4	84.8	42.4
POL (M.E.)	<u>50.4</u>	<u>126.1</u>	<u>75.7</u>	<u>57.6</u>	<u>144.0</u>	<u>86.4</u>
	329.9	945.6	615.7	448.7	1,304.2	855.5

CY POL estimated fr FY POL averages for years involved.



## OVERSEAS EXPENDITURES

SECRET

	CY '67			CY '68		
(3) Exports Induced by Expend- itures	(1) Net Dollar Drain (2)-(3)	(2) Addt'l DOD Expendi- tures Due to Vietnam	(3) US Exports Induced by DOD Expendi- tures	(1) Net Dollar Drain (2)-(3)	(2) Addt'l DOD Expendi- tures Due to Vietnam	(3) US Exports Induced by DOD Expendi- itures
186.0	139.3	409.7	270.4	91.6	269.5	177.9
28.5	--	38.7	38.7	--	20.0	20.0
107.2	--	153.9	153.9	--	97.8	97.8
48.0	24.7	98.8	74.1	15.2	60.7	45.5
20.4	32.9	65.7	32.8	20.4	40.8	20.4
32.6	58.9	98.2	39.3	38.3	63.8	25.5
55.4	70.8	144.4	73.6	49.1	100.3	51.2
.8	.7	1.3	.6	.1	.2	.1
26.8	12.9	47.6	34.7	7.5	27.6	20.1
6.0	8.5	17.1	8.6	.9	1.8	.9
28.3	42.4	84.8	42.4	21.2	42.4	21.2
75.7	57.6	144.0	86.4	36.6	91.6	55.0
515.7	448.7	1,304.2	855.5	280.9	816.5	535.6

ars involved.

SECRET

# SECRET

## AIRCRAFT LOSSES

Aircraft losses in April totaled 92, compared to the 118 in March and the Budget Plan projection of 122. We lost 40 fighter and attack aircraft, compared to 45 in March and the Budget Plan estimate of 62. Losses of one reconnaissance aircraft and 11 other fixed wing aircraft were both 6 below the plan; the 40 helicopter losses exceeded the plan by 4. The table below shows the excess of planned losses to actual losses from July 1965 through April 1967:

	<u>Fighter/ Attack</u>	<u>Recce/ ECM</u>	<u>Other Fixed Wing</u>	<u>Helicopters</u>	<u>Total</u>
Actual Losses	818	71	217	643	1749
Planned Losses	<u>965</u>	<u>96</u>	<u>250</u>	<u>586</u>	<u>1897</u>
Excess Predicted Losses	147	25	33	(57)	148

## SEA Fighter and Attack Aircraft Losses - OSD April 1967 Estimate

As the table above indicates, losses of fighter and attack aircraft have been well below the December 1966 Plan in recent months. For this reason a new OSD April "Best Estimate" has been prepared for financial and production planning. The old estimate will be redesignated as the Budget Plan and will appear as such in the OSD SEA Statistical Summary.

Based on the new "Best Estimate", the US and VNAF will lose 437 fewer fighter-attack aircraft in the July 1965-December 1969 period (2333 versus 2770) than we thought last December (See Table 1). This 437 aircraft reduction consists of the 127 fewer aircraft actually lost than planned through March 1967 and 310 fewer projected losses during the period April 1967 through December 1969 based on our new loss rate projections. Assuming that the attrition rates now projected are correct, the 95% statistical confidence limits around the new estimate are  $\pm 79$  aircraft. The basis for the April "Best Estimate" is outlined below.

a. Methodology - We use 7 loss rates for each aircraft model (e.g., F-4, A-4) to predict aircraft losses: loss rates for attack and non-attack sorties for each of three areas (Laos, NVN, SVN), and a rate for all other losses (operational losses and losses on the ground).

We use 6 sortie rates for each aircraft model; an attack and non-attack sortie rate for each of three areas.

Finally, we have developed a "weather cycle" to apportion attack sorties between NVN, Laos and SVN in accordance with our observations of the shifts in sortie patterns between areas. The total sorties and losses per year are not influenced by the weather cycle. But, since month-by-month losses change sharply, the weather cycle aids in following seasonal changes.



# SECRET

TABLE 1

## Sorties and Losses - Planned vs. Actual - Total U.S. and VNAF

### Fighter and Attack Aircraft Only

***** F Y 1 9 6 6 *****												
	JUL	ALG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
PLANNED SORTIES - DECEMBER PLAN												
ATTACK - SVN					13661	11270	11566	12452	12705	12705	12705	12705
- NVN					3964	3988	3988	3988	3988	3988	3988	3988
- LAOS					1366	3520	4500	4500	4500	4500	4500	4500
SUB-TOTAL					18691	18758	20054	20940	21193	21193	21193	21193
OTHER					3878	3890	3890	3981	4060	4060	4060	4060
TOTAL COMBAT					22569	22648	23944	24921	25253	25253	25253	25253
PLANNED SORTIES - CURRENT PLAN												
ATTACK - SVN												
- NVN												
- LAOS												
SUB-TOTAL												
OTHER												
TOTAL COMBAT												
ACTUAL SORTIES/April 1967 Estimate												
ATTACK - SVN	9907	10988	11094	12090	12686	12763	11751	12950	15153	11291	11611	12000
- NVN	3182	3465	4002	3468	3125	2178	132	2839	4497	5485	4467	7700
- LAOS	1005	724	1041	966	1472	3003	8202	5262	6247	6844	4388	3000
SUB-TOTAL	14094	15177	16137	16524	17283	17964	19883	21021	25897	22740	20378	23000
OTHER	3287	3331	3497	3859	3443	3471	4326	3852	4939	4628	3900	4000
TOTAL COMBAT	17381	18508	19634	20383	20646	21435	24209	24873	30836	27368	24358	27000
PLANNED LOSSES - DECEMBER PLAN												
ON ATTACK SORTIES - SVN					9.6	7.2	7.9	9.0	9.0	9.0	9.0	9.0
- NVN					18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4
- LAOS					2.7	3.8	4.9	4.9	4.9	4.9	4.9	4.9
SUB-TOTAL					20.7	29.4	31.2	32.3	32.3	32.3	32.3	32.3
ON OTHER SORTIES					1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
ALL OTHER LOSSES					6.8	6.8	7.2	7.6	7.7	7.7	7.7	7.7
TOTAL LOSSES					37.4	38.1	40.3	41.8	41.9	41.9	41.9	41.9
PLANNED LOSSES - CURRENT PLAN												
ON ATTACK SORTIES - SVN												
- NVN												
- LAOS												
SUB TOTAL												
ON OTHER SORTIES												
ALL OTHER LOSSES												
TOTAL LOSSES												
ACTUAL LOSSES/April 1967 Estimate												
ON ATTACK SORTIES - SVN	5.3	2.0	7.0	7.0	4.0	9.0	10.0	3.0	11.0	4.0	5.0	6.0
- NVN	9.3	10.0	21.0	17.0	16.0	13.0	2.0	5.0	17.0	23.0	18.0	10.0
- LAOS	3.3	0.0	1.0	1.0	0.0	1.0	6.0	10.0	2.0	6.0	7.0	7.0
SUB-TOTAL	17.3	20.0	29.0	25.0	20.0	23.0	18.0	18.0	30.0	33.0	30.0	23.0
ON OTHER SORTIES	2.3	2.0	2.0	3.0	3.0	2.0	0.0	2.0	1.0	5.0	1.0	1.0
ALL OTHER LOSSES	8.3	2.0	7.0	9.0	6.0	10.0	12.0	4.0	6.0	12.0	11.0	10.0
TOTAL LOSSES	27.3	24.0	38.0	37.0	29.3	35.0	30.0	24.0	37.0	50.0	42.0	34.0
LOSSES PER THOUSAND SORTIES												
ON ATTACK SORTIES - SVN	.505	.182	.631	.579	.317	.785	.851	.232	.726	.354	.431	.400
- NVN	2.028	5.195	5.247	4.902	5.120	5.914	15.152	1.780	3.700	4.255	4.030	2.300
- LAOS	2.985	0.0	.961	1.035	0.0	.333	.750	1.900	.300	.993	1.628	2.300
ON OTHER SORTIES	.600	.600	.572	.777	.871	.576	0.0	.519	.202	1.000	.251	.200
ALL OTHER LOSSES	.463	.100	.357	.442	.291	.467	.496	.161	.195	.430	.452	.300

- a/ Plan is as of 11 December 1965. Cum. totals include Jul-Oct 1965 actual data. Projection through CY 1969 is based upon June 1967. Plan is as of 18 November 1966, and force deployments planned in Program 4. Cum. totals include Jul 65-Oct 66 actual data.
- b/ Beginning in November 1966, loss projections are based upon actual sortie and loss rates from November 1965 through October 1966. On Rates have been computed by dividing the aircraft lost in each category by the appropriate total of sorties, and shown as per thousand.
- c/ Beginning in November 1966 projections are based upon 3 CVA at Yankee Station and recent NVN sortie performance by USAF Thailand base.
- d/ Beginning in April 1967, sortie and loss projections are based upon actual sortie and loss rates from July 1965 through March 1967.
- Totals may not add due to rounding.

SECRET

***** F Y 1 9 6 7 *****																	
JUN	TOTAL	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL	JUL	AUG	SEP
12785	143848	13297	13297	13889	15585	17282	17282	17282	17282	17282	17282	17282	17282	194244	17282	17282	17282
3988	45997	3988	3988	3988	3988	3988	3988	3988	3988	3988	3988	3988	3988	47856	3988	3988	3988
4588	35382	4588	4588	4588	4588	4588	4588	4588	4588	4588	4588	4588	4588	54888	4588	4588	4588
21193	225147	21785	21785	22377	23993	25778	25778	25778	25778	25778	25778	25778	25778	296188	25778	25778	25778
4868	45853	4868	4868	4868	4868	4868	4868	4868	4868	4868	4868	4868	4868	48728	4868	4868	4868
25253	271888	25845	25845	26437	28853	29838	29838	29838	29838	29838	29838	29838	29838	344828	29838	29838	29838
b/																	
		13889	14567	14689	14728	14181	13781	14466	14348	167884	13989	13989	13989				
		18882	9579	9725	9698	9798	18236	18111	18746	122889	18819	18791	18791				
		4212	4422	4999	4834	4731	4387	3566	3185	48581	2792	2886	2886				
		27823	28568	29333	29252	28638	28244	28143	28279	331274	27688	27586	27586				
		5454	5488	5586	5531	5522	5476	5416	5111	63281	5125	5151	5151				
		33277	34856	34919	34783	34152	33728	33559	33398	394555	32725	32737	32737				
12672	144876	14939	14081	12798	11748	13024	13264	14526	13601	16786	13283	12467	12293	148810	12993	13555	13495
7788	44538	10198	11811	12249	8656	7261	6672	6572	5472	8502	8890	10472	11880	108636	12997	12953	12788
3442	41586	2134	820	1261	2310	3027	4841	5484	6677	5109	4573	3807	2642	48687	1749	1369	1798
23982	238923	27271	26712	26308	22714	23312	24777	26582	25750	30397	26747	26747	26816	318134	26940	27877	27883
4477	47898	5167	4963	4860	4797	4554	5001	4666	4436	4994	4954	4954	4791	58138	4549	4585	4603
28379	278818	32438	31675	31168	27511	27866	29778	31248	30186	35391	31701	31701	31608	372272	31490	32463	32487
*****																	
9.8	98.7	9.6	9.6	18.4	12.6	15.8	15.8	15.8	15.8	15.8	15.8	15.8	15.8	162.2	15.8	15.8	15.8
18.4	212.2	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	228.8	18.4	18.4	18.4
4.9	38.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	58.8	4.9	4.9	4.9
32.3	341.8	32.9	32.9	33.7	35.9	38.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3	441.8	38.3	38.3	38.3
1.9	24.2	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	22.8	1.9	1.9	1.9
7.7	85.2	7.9	7.9	8.2	8.6	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2	186.2	9.2	9.2	9.2
41.9	451.2	42.7	42.7	43.8	46.4	49.4	49.4	49.4	49.4	49.4	49.4	49.4	49.4	578.8	49.4	49.4	49.4
s/s/																	
		6.8	7.1	7.2	7.3	6.6	6.4	6.8	6.9	81.1	6.5	6.5	6.5				
		32.3	38.1	38.8	32.9	33.6	35.8	34.8	35.8	388.3	36.2	33.5	33.5				
		4.7	5.2	5.7	5.6	5.4	5.8	4.5	4.1	46.2	3.6	3.7	3.7				
		43.8	42.4	43.7	45.8	45.6	46.4	46.1	46.8	507.6	46.3	43.7	43.7				
		4.7	4.5	4.8	5.3	5.5	5.5	5.4	5.3	55.8	5.3	4.5	4.5				
		18.8	9.8	18.8	18.4	18.4	18.4	18.3	18.3	115.6	18.3	9.5	9.5				
		58.5	56.7	58.5	61.5	61.5	62.3	61.8	62.4	678.8	61.6	57.7	57.7				
6.8	73.8	7.0	3.8	8.0	8.0	5.0	7.0	6.0	5.0	8.0	6.9	6.3	6.4	76.6	6.7	7.2	7.2
18.8	177.8	35.2	38.8	33.8	17.0	15.8	14.0	12.0	4.0	21.0	23.8	27.6	31.0	263.5	32.7	33.2	32.4
3.8	40.0	8.0	1.8	1.8	4.0	3.8	1.0	3.0	5.0	2.0	4.6	4.3	3.2	32.0	2.2	1.7	2.4
27.8	290.0	42.0	34.8	42.0	29.0	23.0	22.0	21.0	14.0	31.0	35.3	38.3	40.5	372.1	41.5	42.1	42.1
1.8	24.8	5.3	3.8	3.8	3.0	2.8	5.0	4.0	0.0	1.0	2.2	2.4	2.4	33.0	2.6	2.4	2.4
18.8	97.0	6.0	16.8	8.8	5.0	8.0	6.0	11.0	9.0	13.0	9.5	9.5	9.5	118.4	8.9	8.9	8.9
38.8	411.8	53.3	53.8	53.0	37.0	33.8	33.0	36.0	23.0	45.0	47.0	50.1	52.4	515.5	53.0	53.4	53.2
*****																	
.473	.584	.469	.213	.625	.681	.384	.528	.413	.369	.477							
2.311	3.974	3.432	2.542	2.694	1.964	2.366	2.098	1.886	.730	2.473							
.872	.963	8.0	1.228	.793	1.732	.991	.807	.547	.775	.410							
.223	.518	.988	.624	.619	.625	.453	1.035	.857	0.0	.207							
.352	.349	.185	.585	.257	.182	.889	.169	.352	.303	.372							

7. Extrapolated through December 1969 for comparative purposes only.

Cum. totals include July 1965-October 1966 actual data.

and sorties. Rates for "All Other Losses are against total combat sorties.

and attack aircraft.

March 1967 (except NVN loss rates, which were calculated from Apr. 1966 - March 1967 actual data). Cumulative totals include July 1965 - March 1967



F Y 1 9 6 8												FY 1969		FY 1970		JUL 65-		JUL 65-	
AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL	TOTAL	JUL-DEC	DEC 69	MAR 67				
17282	17282	17282	17282	17282	17282	17282	17282	17282	17282	17282	207384	207384	183692	856552	286046				
3988	3988	3988	3988	3988	3988	3988	3988	3988	3988	3988	47856	47856	23928	213493	71889				
4588	4588	4588	4588	4588	4588	4588	4588	4588	4588	4588	54888	54888	27888	224382	75888				
25778	25778	25778	25778	25778	25778	25778	25778	25778	25778	25778	389248	389248	154628	1294347	443937				
4868	4868	4868	4868	4868	4868	4868	4868	4868	4868	4868	48728	48728	24368	216373	82393				
29838	29838	29838	29838	29838	29838	29838	29838	29838	29838	29838	357968	357968	178988	1518728	506330				
13989	13989	13433	13542	13118	13218	12725	12725	13872	13897	12861	159758	163117	88126	712753	270845				
18791	18791	18964	18883	9876	9745	9557	9563	18223	18853	11943	125288	124468	58468	475483	136824				
2886	2886	2833	3533	4349	4194	4964	4951	4384	3649	2824	44885	42672	21183	189947	71089				
27586	27586	27238	27158	27335	27157	27246	27239	27599	27599	27628	328963	327249	159777	1378183	477328				
5151	5151	5117	5111	5453	5474	5454	5439	5453	5453	5327	63788	63607	30512	268198	94368				
32737	32737	32347	32269	32788	32631	32788	32678	33852	33852	32955	392671	390896	190889	1646381	571896				
13555	13495	14251	14995	14848	14161	13670	14385	13146	12449	12227	163780	160624	78004	710095	269643				
12953	12788	10328	9062	7940	7852	7266	7753	9175	10738	12129	120585	122060	67800	463620	121931				
1369	1369	1387	4033	5062	4915	6024	4821	4610	3744	2601	43916	44521	18215	190846	73169				
27877	27883	27966	28087	27848	26929	26967	26961	26932	26932	26957	328284	327201	164015	1364555	464743				
4585	4603	4598	4609	4647	4721	4678	4659	4719	4719	4639	55733	55437	28742	245142	90528				
32463	32487	32565	32697	32496	31651	31646	31621	31651	31651	31597	384018	382639	192757	1609697	555271				
*****																			
15.8	15.8	15.8	15.8	15.8	15.8	15.8	15.8	15.8	15.8	15.8	188.8	188.8	98.8	722.9	207.9				
18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	228.8	228.8	118.4	945.8	377.8				
4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	58.8	58.8	29.4	244.7	83.0				
38.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3	459.6	459.6	229.8	1932.6	668.7				
1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	22.8	22.8	11.4	184.8	41.3				
9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2	118.4	118.4	55.2	467.4	163.8				
49.4	49.4	49.4	49.4	49.4	49.4	49.4	49.4	49.4	49.4	49.4	592.8	592.8	296.4	2584.3	873.8				
6.5	6.5	6.5	6.4	6.4	6.2	6.3	5.9	5.9	6.8	6.8	74.6	78.3	33.4	332.4	134.0				
33.5	33.5	33.9	31.5	29.7	29.8	38.4	31.6	33.1	35.6	39.4	398.2	384.7	192.3	1532.5	451.7				
3.7	3.7	3.5	4.2	5.8	5.8	5.3	5.2	4.6	4.8	3.2	51.8	47.4	24.8	288.8	72.6				
43.7	43.7	43.8	42.1	48.9	41.1	41.6	42.7	43.7	45.6	48.6	923.8	582.6	249.7	2073.7	658.3				
4.5	4.5	4.1	4.1	3.8	3.9	4.3	4.7	4.8	4.7	4.7	53.4	51.3	23.1	286.8	62.8				
9.5	9.5	9.2	9.3	9.1	9.8	9.3	9.5	9.6	9.6	9.7	113.3	139.5	54.8	489.4	181.6				
57.7	57.7	57.1	55.5	53.8	54.8	55.2	56.9	58.1	59.9	63.8	698.5	663.4	326.8	2769.9	902.7				
7.2	7.2	7.6	8.1	8.0	7.6	7.3	7.8	7.0	6.7	6.6	87.8	83.8	39.6	360.8	130.0				
33.2	32.4	26.5	24.0	20.4	20.1	18.6	19.8	23.0	26.6	30.0	307.0	302.0	173.2	1222.6	358.0				
1.7	2.4	3.8	4.2	5.1	4.5	5.3	3.9	4.2	3.8	2.8	43.9	40.6	16.1	172.7	60.0				
42.1	42.0	37.5	36.2	33.5	32.2	31.2	31.5	34.2	37.0	39.4	438.7	426.4	228.9	1756.1	548.0				
2.4	2.4	2.1	2.0	1.8	1.6	1.7	1.7	2.0	2.1	2.2	24.7	23.9	14.3	127.8	58.0				
8.9	8.9	8.8	8.9	8.7	8.2	8.3	8.4	8.3	8.3	8.4	103.0	96.9	49.9	449.2	171.0				
53.4	53.2	48.5	47.1	43.9	41.9	41.3	41.6	44.5	47.5	50.0	566.4	547.2	293.0	2333.1	777.0				

April 1967												
Estimate (4-1/2 yrs)				Dec Plan (4-1/2 yrs)				Current Plan (4-1/2 yrs)				Actual
.508				.821				.466				0.482
2.637				4.614				3.223				2.936
.905				1.091				1.094				0.820
.521				.481				.771				0.641
.279				.309				.298				0.304

Source - Plan Sys Anal  
Actual JCS

10 May 1967

July 1965 - March 1967 actual data.

# SECRET

b. Forces and Sorties - Sorties are a product of forces and sortie rates. We have used Program 4 forces through Change 25, plus an F-4 squadron for PRACTICE NINE. However, the forces were slightly changed when initial runs of this attrition estimate showed that we could retain certain aircraft longer than anticipated in Program 4. For instance, 1 F-105 squadron is not replaced by an F-4 squadron because of the lower F-105 loss rate.

Sortie rates are based on the 21 month period of July 1965-March 1967 instead of a 9-month moving average used in previous estimates. The reasons for the change are that variations have been random and the longer period gives a statistically better sample. We now predict 1.61 million sorties in the 1 July 1965-31 December 1969 period instead of 1.64 million, about 2% less.

c. Loss Rates - Past estimates have used a 9-month period for loss rate projections. The new estimate uses 21 months (July 1965-March 1967) for all loss rates except in NVN. While loss rates have fluctuated sharply from month to month, they show no trends except in NVN. Since we are predicting losses for 26 aircraft models using 7 loss rates, the need for a large sample size dictates the use of the longest stable period possible.

The NVN attack loss rate has not stabilized, as is shown for the Air Force and the Navy on Charts 1 and 2. This rate is critical since it determines about half of all losses. The table below compares projected losses using several reasonable NVN attack loss rates:

<u>Base Period</u>	<u>Loss Rate per 1000 Sorties</u>	<u>Projected Losses Apr 67 - Dec 69 a/</u>
Jul 65 - Mar 67	2.94	1005
Apr 66 - Mar 67	2.53	864
Jul 66 - Mar 67	2.31	790
Oct 66 - Mar 67	1.92	656

a/Based on 342,000 sorties in 33-month period.

The choice of an NVN attack loss rate is a matter of judgement. We improve our equipment and tactics and so do the North Vietnamese. So far, we are improving faster than they are but this could change. Furthermore, if we increase the proportion of sorties in northern North Vietnam (Route Packages 5 and 6) our loss rates on these sorties would increase by a factor of 3 to 5, as the table below indicates.

	<u>Month Average</u>		
	<u>Apr-Sep 66</u>	<u>Oct 66-Mar 67</u>	<u>Apr 66-Mar 67</u>
<b>Sorties</b>			
Rt. Pack. I-IV	7686	6221	6953
Rt. Pack V-VI	967	968	968
Total	8653	7189	7921
<b>Loss Rates</b>			
Rt. Pack. I-IV	1.84	1.47	1.68
Rt. Pack. V-VI	12.41	4.81	8.60
Total	3.02	1.92	2.53

# SECRET



## SECRET

If we used a 9 month moving average to estimate NVN loss rates, the loss rate would be 2.31 and losses in the Apr 67-Dec 69 period would total 790. This rate would permit about 25% of the NVN sorties to be flown in Route Packages V and VI if the loss rates of the last 6 months continue, or it would allow a loss rate of about 9.8 in Routes V and VI, if we continue to fly about 11% of the NVN attack sorties in them and if the rate in Route Packages I - IV does not exceed 1.5.

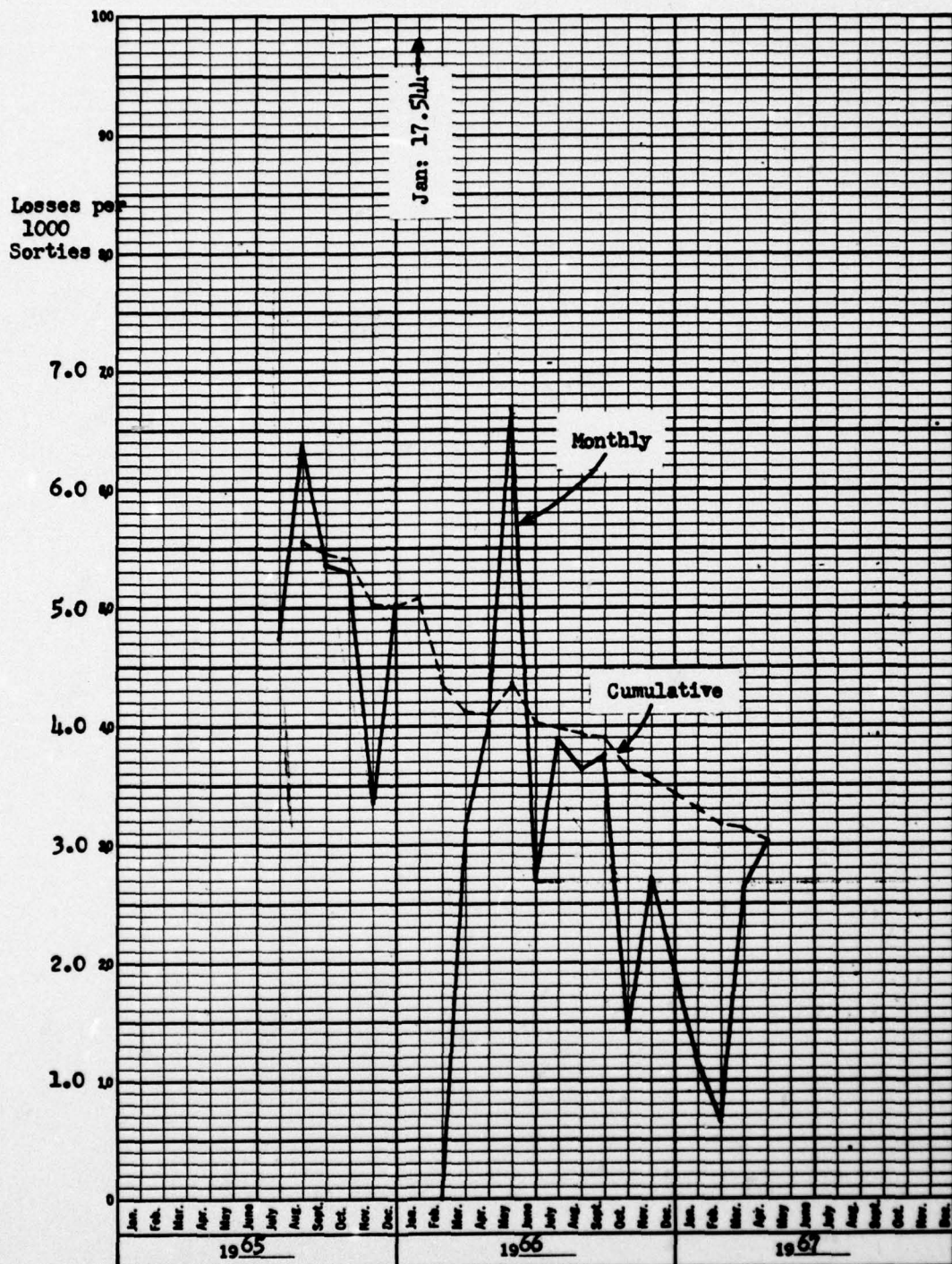
The 9 month attack rate, however, might prove too low if we fly an extended campaign against highly defended targets in the Hanoi - Haiphong areas. Loss rates of 10 to 20 aircraft per 1,000 sorties are likely in such strikes. It would also prove too low if the North Vietnamese receive SA-3 missile systems, REDEYE/CHAPEREL type infrared missile system, or if they rapidly learn how to use better the equipment they now have.

Therefore, to be on the safe side, we used the 2.53 rate of the last 12 months (Apr 66-Mar 67). Thus we project 864 attack losses in NVN from April 1967 through December 1969. The use of this loss rate provides a hedge against increased losses due to deployment of 3-4 more squadrons or a possible extensive campaign against heavily defended targets in the Hanoi-Haiphong area.

In brief, the NVN attack loss rate is the key factor, has a large range of variability, and is highly subject to targeting decisions which we do not know. The loss rate of 2.53 used in the April estimate is unlikely to result in either a large over-estimate or under-estimate of losses, but some uncertainty is unavoidable.

CHART 1  
ATTACK LOSS RATES - NVN  
FIGHTER AND ATTACK AIRCRAFT - U.S. AIR FORCE

**SECRET**



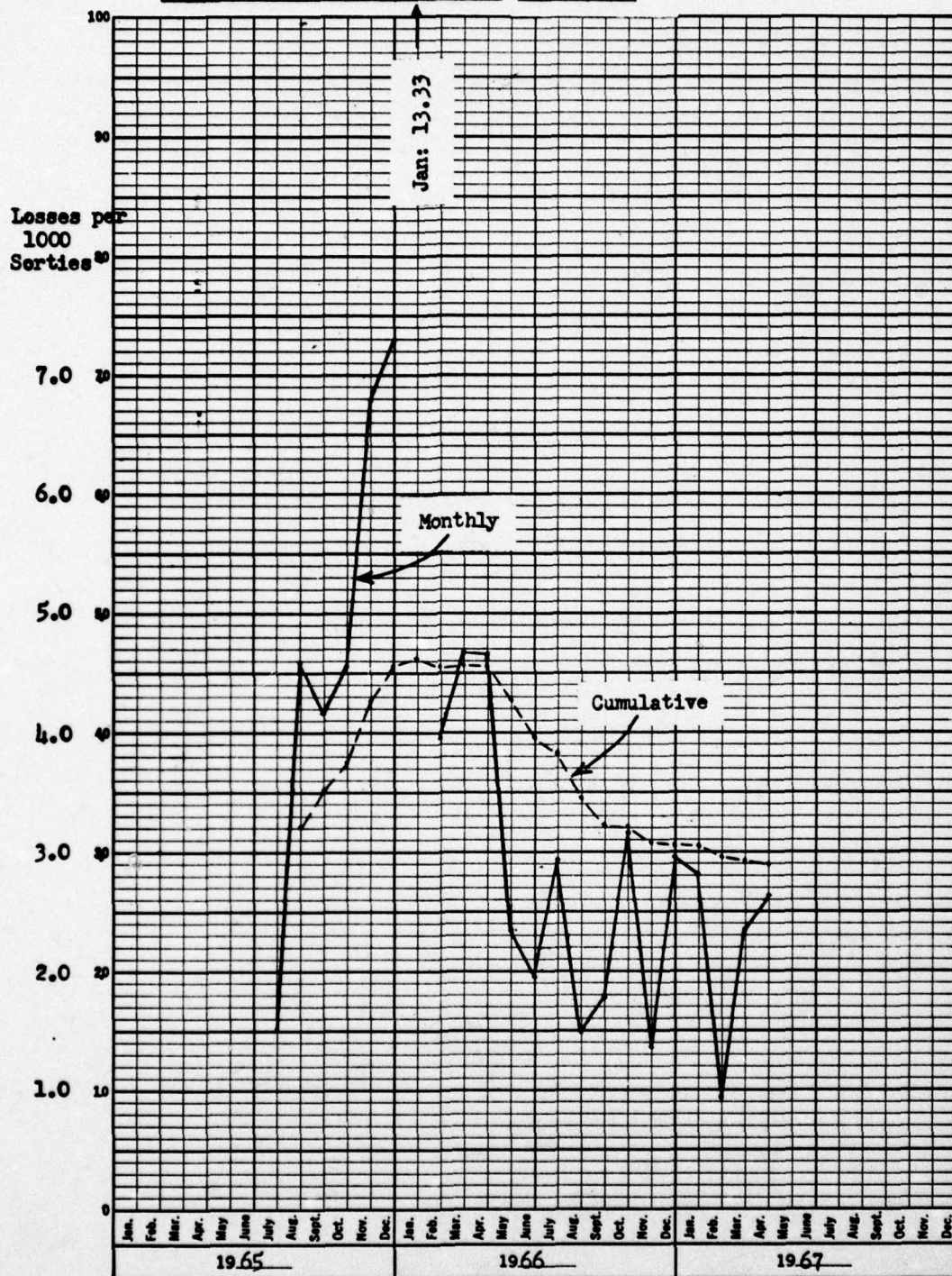
**SECRET**

9 MAY 1967  
 RJS



**SECRET**

CHART 2  
ATTACK LOSS RATES \* NVN  
FIGHTER AND ATTACK AIRCRAFT - U. S. NAVY



**SECRET**

9 MAY 1967  
R75

# SECRET

## AIRCRAFT DESTROYED ON THE GROUND BY HOSTILE ACTION

Of 1599 U.S. aircraft lost to all causes in SEA from July 1965 through March 1967, 51 or 3% were destroyed on the ground by enemy action. Thirty-five of the 51 lost were helicopters; of these, 23 were UH-1s.

Thirty-one of the losses occurred during the first three quarters of FY 1966; only 11 occurred during the same period in FY 1967. While only one aircraft was destroyed in April 1967, 4 have been lost already in May in the attack on Bien Hoa.

Losses on the ground are difficult to predict since they are due to isolated, sporadic, and random enemy thrusts. Nevertheless, the OSD loss predictions include losses on the ground (and operational or non-combat losses) in the "All Other Losses" category in the Table 330 series, OSD Statistical Summary.

## AIRCRAFT DESTROYED BY HOSTILE ACTION ON THE GROUND

	FY 1966				FY 1967			TOTAL
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
<u>Fighter/Attack</u>								
F-102-AF	3	-	-	-	-	-	-	3
A-1-AF	-	-	-	2	-	-	-	2
A-4-USMC	-	2	-	-	-	-	-	2
SUB TOTAL	3	2	-	2	-	-	-	7
<u>Other Fixed Wing</u>								
C-123-AF	-	-	-	1	-	-	-	1
C-HC-130-AF	3	-	-	-	-	-	-	3
O-1-A	-	-	-	3	-	-	-	3
CV-2-A	-	-	-	-	1	-	-	1
U-8-A	-	-	-	-	-	-	1	1
SUB TOTAL	3	-	-	4	1	-	1	9
<u>Helicopters</u>								
HH-43-AF	-	-	-	-	1	-	0	1
UH-1-MC	-	13	-	-	-	-	-	13
UH-34-MC	-	6	-	-	-	-	-	6
UH-1-A	-	-	-	3	4	1	2	10
OH-13-A	-	-	1	-	1	-	-	2
CH-37-A	-	-	1	-	-	-	-	1
CH-47-A	-	-	2	-	-	-	-	2
SUB TOTAL	-	19	4	3	6	1	2	35
TOTAL U.S.	6	21	4	9	7	1	3	51



# SECRET

## ANALYSIS OF AIRCRAFT ORDNANCE CONSUMPTION

Southeast Asia ordnance expenditures totaled 76,700 tons in April, 4% less than the 79,800 tons predicted for the month. The primary reason for the difference was low B-52 load factors. We still expect SEA consumption to level at about 80,000 tons.

USAF-TAC loads may be constrained by the 38.6 days of 500/750# GP bomb stocks. The USN/USMC 500/750# bomb stocks remained relatively high at 63.5 days (see table on the next page).

The CINCPAC allocation is approximately 83,000 tons for the next three months and the CINCPAC requirement about 91,000 tons.

	<u>April Estimate</u>	<u>April Actual</u>
<u>Attack Sorties</u>		
USN/USMC	9906	10309
USAF-TAC	16007	17103
B-52	800	823
<u>Tons/Attack Sortie</u>		
USN/USMC	1.95	1.83
USAF-TAC	1.90	1.83
B-52	30.0	25.5
<u>Thousands of Tons</u>		
USN/USMC	19.3	18.9
USAF-TAC	30.4	30.9
B-52	24.0	21.0
MAP	4.5	4.0
Army	1.6	1.9
Total Tons	79.8	76.7

SECRET

ACTUAL/ESTIMATED AIRCRAFT ORDNANCE CONSUMPTION <sup>a/</sup>

	ACTUAL							PROJECTED					
	CY 1966				CY 1967								
	Oct b/	Nov b/	Dec b/	Jan b/	Feb b/	Mar b/	Apr b/	May	Jun	Jul	Aug	Sep	Oct
<b>Attack Sorties</b>													
USN/USMC	6840	7132	7347	8247	8912	10070	10309	9151	9221	9192	9186	9191	9282
USAF-TAC	13594	13562	14769	15616	14713	17528	17103	15306	15306	15460	16402	16402	16395
B-52	408	531	659	735	706	816	823	800	800	800	800	800	800
<b>Tons Per Sortie</b>													
USN/USMC	1.59	1.58	1.81	1.99	1.95	1.77	1.83	1.95	1.95	1.95	1.95	1.95	1.95
USAF-TAC	1.40	1.54	1.60	1.71	1.77	1.81	1.83	1.90	1.95	2.00	2.00	2.00	2.00
B-52	20.8	20.0	20.6	20.7	28.0	27.1	25.5	28.0	30.0	30.0	30.0	30.0	30.0
<b>Tons</b>													
USN/USMC	10.9	11.3	13.3	16.4	17.4	17.8	18.9	17.8	18.0	17.9	17.9	17.9	18.0
USAF-TAC	19.0	20.9	23.7	26.7	26.0	31.8	30.9	31.2	29.8	30.9	32.8	32.8	32.8
B-52	8.5	10.6	13.6	15.2	19.8	22.1	21.0	22.4	24.0	24.0	24.0	24.0	24.0
MAP	3.0	4.1	4.0	3.6	3.8	4.0	4.0	4.2	4.2	4.2	4.2	4.2	4.2
Army	1.1	1.0	1.2	1.2	1.2	1.7	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Total	42.5	47.9	55.8	63.1	68.2	77.4	76.7	77.5	78.9	80.8	80.8	80.8	81.0
<b>Worldwide Inventory (Thous. of Tons)</b>													
Start Month	410.0	441.9	471.7	500.1	528.9	550.6	569.6	584.9	600.9	614.9	629.2	639.4	648.8
-Cons*	45.3	49.1	57.5	64.4	69.9	78.9	79.7	80.5	80.9	81.9	83.8	83.8	84.0
+Prod	77.2	78.9	85.9	93.2	91.6	97.9	95.0	99.1	94.9	96.2	94.0	93.2	92.0
End Month	441.9	471.7	500.1	528.9	550.6	569.6	584.9	600.9	614.9	629.2	639.4	648.8	657.0

500/750 AGP Bomb Stocks vs. Consumption Rates in SEA

	October	November	December	January	February	March	April
<b>USN/USMC</b>							
Stocks (tons)	13.0	13.8	21.4	19.2	18.6	23.6	26.9
Monthly Cons Rate (tons)	5.4	6.4	7.7	10.8	11.6	11.0	12.7
Ratio (Days) <sup>c/</sup>	72.2	64.7	83.4	53.3	48.1	64.4	63.5
<b>USAF-TAC</b>							
Stocks (tons)	11.4	13.0	20.0	24.5	36.7	35.1	27.4
Monthly Cons Rate (tons)	8.8	11.4	15.0	17.9	17.6	22.1	21.3
Ratio (Days)	38.9	34.2	40.0	41.1	63.6	47.6	38.6

2.75 in Motors vs. Consumption Rates in SEA

	October	November	December	January	February	March	April
<b>Army</b>							
Stocks (items 000)	251.6	324.8	318.8	284.2	416.6	575.3	680.9
Monthly Cons Rate (items 000)	84.1	84.5	100.7	101.4	103.5	126.1	138.8
Ratio (Days) <sup>c/</sup>	89.8	121.7	95.0	84.1	120.8	156.9	128.6

<sup>a/</sup> Sorties are those of Program #4. Tons per sortie for USN/USMC aircraft are slightly higher than the 1.85 level experienced last three months. The Air Force tactical aircraft tons per sortie assume a gradual return to the two ton level experienced CY 1965 and during January 1966. Analysis of general purpose bomb stocks available in SEA for tactical aircraft supports the loads.

<sup>b/</sup> Actual data thru 30 April.

<sup>c/</sup> Based on 30 day month.

\* Includes 3000 tons per month training expenditures projected for April and subsequent months. Actual figures are Worldwide

SECRET



SECRET

ACTUAL		PROJECTED							
CY 1967									
Mar b/	Apr b/	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
10070	10309	9151	9221	9192	9186	9191	9282	9403	9165
17528	17103	15306	15306	15460	16402	16402	16395	16395	16395
816	823	800	800	800,	800	800	800	800	800
1.77	1.83	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95
1.81	1.83	1.90	1.95	2.00	2.00	2.00	2.00	2.00	2.00
27.1	25.5	28.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
17.8	18.9	17.8	18.0	17.9	17.9	17.9	18.1	18.3	17.9
31.8	30.9	31.2	29.8	30.9	32.8	32.8	32.8	32.8	32.8
22.1	21.0	22.4	24.0	24.0	24.0	24.0	24.0	24.0	24.0
4.0	4.0	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
1.7	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
77.4	76.7	77.5	78.9	80.8	80.8	80.8	81.0	81.2	80.8
550.6	569.6	584.9	600.9	614.9	629.2	639.4	648.8	657.4	666.0
78.9	79.7	80.5	80.9	81.9	83.8	83.8	84.0	84.2	83.8
97.9	95.0	99.1	94.9	96.2	94.0	93.2	92.6	92.8	93.1
569.6	584.9	600.9	614.9	629.2	639.4	648.8	657.4	666.0	675.3

Bomb Stocks vs. Consumption Rates in SEA

November	December	January	February	March	April
13.8	21.4	19.2	18.6	23.6	26.9
6.4	7.7	10.8	11.6	11.0	12.7
64.7	83.4	53.3	48.1	64.4	63.5
13.0	20.0	24.5	36.7	35.1	27.4
11.4	15.0	17.9	17.6	22.1	21.3
34.2	40.0	41.1	63.6	47.6	38.6

Engines vs. Consumption Rates in SEA

November	December	January	February	March	April
324.8	318.8	284.2	416.6	575.3	680.9
84.5	100.7	101.4	103.5	126.1	158.8
121.7	95.0	84.1	120.8	136.9	128.6

USN/USMC aircraft are slightly higher than the 1.85 level experienced during the  
 tons per sortie assume a gradual return to the two ton level experienced during  
 al purpose bomb stocks available in SEA for tactical aircraft supports the above average

projected for April and subsequent months. Actual figures are Worldwide consumption.

SECRET

# SECRET

## OCEAN CARGO SHIPMENTS FROM CONUS TO SEA

The attached table summarizes the ocean cargo lift from CONUS to SEA for the period August, 1965 to April, 1967, and presents the OASD(I&L) forecast of shipments through December, 1967.

Total shipments from CONUS to SEA in April remained at the same high level as in March. However, shipments to SVN increased by 10% to establish an all-time high of 876,000 M/T. Within the SVN total, increases occurred in the ammunition and "other" categories. <sup>1/</sup> In view of the steady growth in the "other" category and other indicators, it appears that excessive stocks of material may be building-up in SVN.

Total shipments to the non-SVN ports in SEA totaled 409,000 M/T which was a 84,000 M/T reduction from the March level. Detailed information as to the distribution among the ports is not yet available; however, preliminary information indicates the majority of the reduction may have occurred in shipments to Okinawa. If the final data confirms this, it will be a significant reversal of the March, 1967 experience commented on in last month's Southeast Asia Analysis Report (pp. 47).

In view of the Secretary of Defense decision in December, 1966 to restrict the role of Okinawa in the Army's PACOM logistic system, continued reductions in the tonnage shipped to Okinawa for the 2nd Logistic Command depot should be expected. Information available indicates the following requisition cancellation request actions by the 2nd Logistic Command.

<u>Date of Cancellation Request</u>	<u>No of Line Items</u>	<u>\$ Value</u>
March 8, 1967	70,000	192,700,000
March 30, 1967	4,600	11,600,000
March 31, 1967	17,000	34,000,000
	<u>91,600</u>	<u>238,300,000</u>

If a significant portion of these cancellation requests are acted upon before shipment from CONUS, major savings in packing, in-land transportation, ocean shipping and replacement procurement costs should result.

<sup>1/</sup> "Other" includes all material except unit equipment, ammunition and aircraft.



# SECRET

## MSTS OCEAN CARGO SHIPMENTS FROM CONUS TO SEA <sup>a/</sup> (000 M/T)

MONTH	ALL SOUTH VIETNAM PORTS					Jan '67 Forecast	ALL OTHER SEA DESTINATIONS		G Act
	Unit Equip	Ammo	Aircraft	Other	Total		Total	Jan '67 Forecast	
1965									
Aug	211	23	83	171	488		128		61
Sep	130	44	4	229	407		163		57
Oct	129	108	24	248	509		243		75
Nov	47	50	47	209	353		316		66
Dec	28	13	13	230	284		308		59
1966									
Jan	19	51	16	260	346		284		63
Feb	21	35	10	402	468		262		73
Mar	28	86	25	376	515		339		85
Apr	7	76	6	424	513		352		86
May	57	46	20	398	521		363		88
June	43	92	21	404	560		347		90
July	87	84	42	419	632		393		102
Aug	115	88	14	476	693		520		121
Sep	210	83	17	412	722		439		116
Oct	139	90	18	518	765		485		125
Nov	120	94	2	491	707		416		112
Dec	94	125	8	514	741		362		110
1967									
Jan	67	93	29	570	759	745	382	374	114
Feb	78	93	10	595	776	753	384	376	116
Mar	91	68	25	613	797	763	493	380	128
Apr	86	113	16	661	876	770	409	375	128
May						784		375	
June						796		375	
July						810		381	
Aug						825		377	
Sep						835		377	
Oct						853		376	
Nov						850		376	
Dec						870		376	

a/ SEA defined to include all ports west of Hawaii. Actual data from MMTS adjusted to include Air Force Special SASM. Forecast data from OASD(I&L).

DOWNGRADED AT 5 YEAR INTERVALS;  
DECLASSIFIED AT 10 YEARS.  
DOD DIR 5200.10

SECRET

TO SEA <sup>a/</sup>

**SECRET**

		<u>ALL OTHER SEA DESTINATIONS</u>		<u>GRAND TOTAL SEA</u>		<u>UNBOOKED CARGO CONUS TO ALL SEA DESTINATIONS</u>
<u>Total</u>	<u>Jan '67 Forecast</u>	<u>Total</u>	<u>Jan '67 Forecast</u>	<u>Actual</u>	<u>Jan '67 Forecast</u>	
488		128		616		
407		163		570		
509		243		752		
353		316		669		
284		308		592		
346		284		630		16
468		262		730		45
515		339		854		16
513		352		865		84
521		363		884		235
560		347		907		213
632		393		1025		234
693		520		1213		298
722		439		1161		162
765		485		1250		66
707		416		1123		63
741		362		1103		87
759	745	382	374	1141	1119	133
776	753	384	376	1160	1129	23
797	763	493	380	1289	1143	29
876	770	409	375	1285	1145	22
	784		375		1159	
	796		375		1171	
	810		381		1191	
	825		377		1202	
	835		377		1212	
	853		376		1229	
	850		376		1226	
	870		376		1246	

Actual data from MMTS adjusted to include Air Force Special Express ammo shipments data furnished by

OASD/SA/SEA Programs Div.  
May 15, 1967

**SECRET**



# SECRET

## AIR CARGO SHIPMENTS TO SOUTHEAST ASIA

The following table illustrates the sharp increase in air cargo shipments from CONUS to Southeast Asia.

### Air Cargo Shipments from CONUS to SVN and Other Southeast Asia 1/ (Short Tons)

<u>Qtr</u>	<u>Monthly Average</u>		
	<u>SVN</u>	<u>Other SEA</u>	<u>Total SEA</u>
Oct-Dec, 1965	4,200	5,500	9,700
Jan-Mar, 1966	5,600	6,000	11,600
Apr-Jun, 1966	8,100	6,600	14,700
Jul-Sep, 1966	10,400	7,300	17,700
Oct-Dec, 1966	14,600	8,700	23,300
Jan-Mar, 1967	17,300	10,600	27,900

1/ Data source: OASD(I&L). Other SEA defined to include Thailand, Philippines, Taiwan, Okinawa, Japan and Guam.

ASD(I&L) recently instituted a mandatory pre-shipping challenge procedure for all shipments of certain commodities exceeding 1,000 pounds. This action resulted from the continued growth of air shipments to Southeast Asia, an OSD sample of air export cargo which indicated questionable priority assignments, and expenditures for commercial augmentation of MAC reaching the rate of \$600 million a year. The commodity groups placed under the mandatory procedure include:

- (a) construction materials
- (b) fuels, lubricants and gas generators
- (c) printed forms
- (d) clothing
- (e) rations
- (f) office supplies

Under the procedure, detailed lists will be submitted to ASD(I&L) and the Services each month identifying all shipments made by air after challenge because of reaffirmation of the requirement for air shipment.

In a parallel action, ASD(I&L) also directed an embargo on low priority shipments in the ocean cargo system called Sea Express (SEA-EX). This will restore the SEA-EX system to its intended use of providing expedited ocean transportation for high priority cargo. The effect of the two sets of actions should be significantly reduced air and Sea Express shipments and costs.

As a direct result of the ASD(I&L) actions, CINCPAC has instituted similar procedures for intra-PACOM air and expedited ocean shipments. CINCPAC also reemphasized that control must be exercised on requisitions to prevent abuses of the priority system.

# SECRET

# SECRET

## SAIGON PORT

As the table and attached charts indicate, the AID/Commercial cargo sector of the Saigon port is in its best condition in a year. Despite the highest rate of cargo arrivals in the port since October, 1966, the April discharge of 296,000 short tons resulted in the lowest end-of-month backlog of undischarged cargo experienced to date. The backlog on April 30, 1967 was equal to only 1 week's work.

### SAIGON PORT COMMERCIAL/AID CARGO INPUT - OUTPUT ANALYSIS (000 Short Tons)

	<u>Month</u>	<u>Beginning Backlog</u>	<u>Arrivals during month 1/</u>	<u>Total Avail. Cargo</u>	<u>Discharged</u>	<u>Ending Backlog</u>
1966	May*	101	164	265	179	86
	Jun	86	235	321	198	123
	Jul	123	293	416	235	181
	Aug	181	264	445	249	196
	Sep	196	157	353	191	162
	Oct	162	275	437	215	222
	Nov	222	231	453	244	209
	Dec	209	204	413	102	311
1967	Jan	311	220	531	267	264
	Feb	264	106	370	199	171
	Mar	171	211	382	284	98
	Apr	98	260	358	296	62

1/ Arrivals are computed rather than reported.

\* No backlog data available prior April, 1966.

The over-all progress in the port is due to the cumulative effects of improvements in facilities, equipment and management; however, as the following table indicates, U.S. military cargo handling has made a major contribution. While GVN discharge rates have remained relatively constant (excluding the low performance in December, 1966 due to the strike and February, 1967 due to TET), the U.S. military is handling about one-third of the cargo discharged (in addition to 200,000 S/T a month of U.S. military cargo).



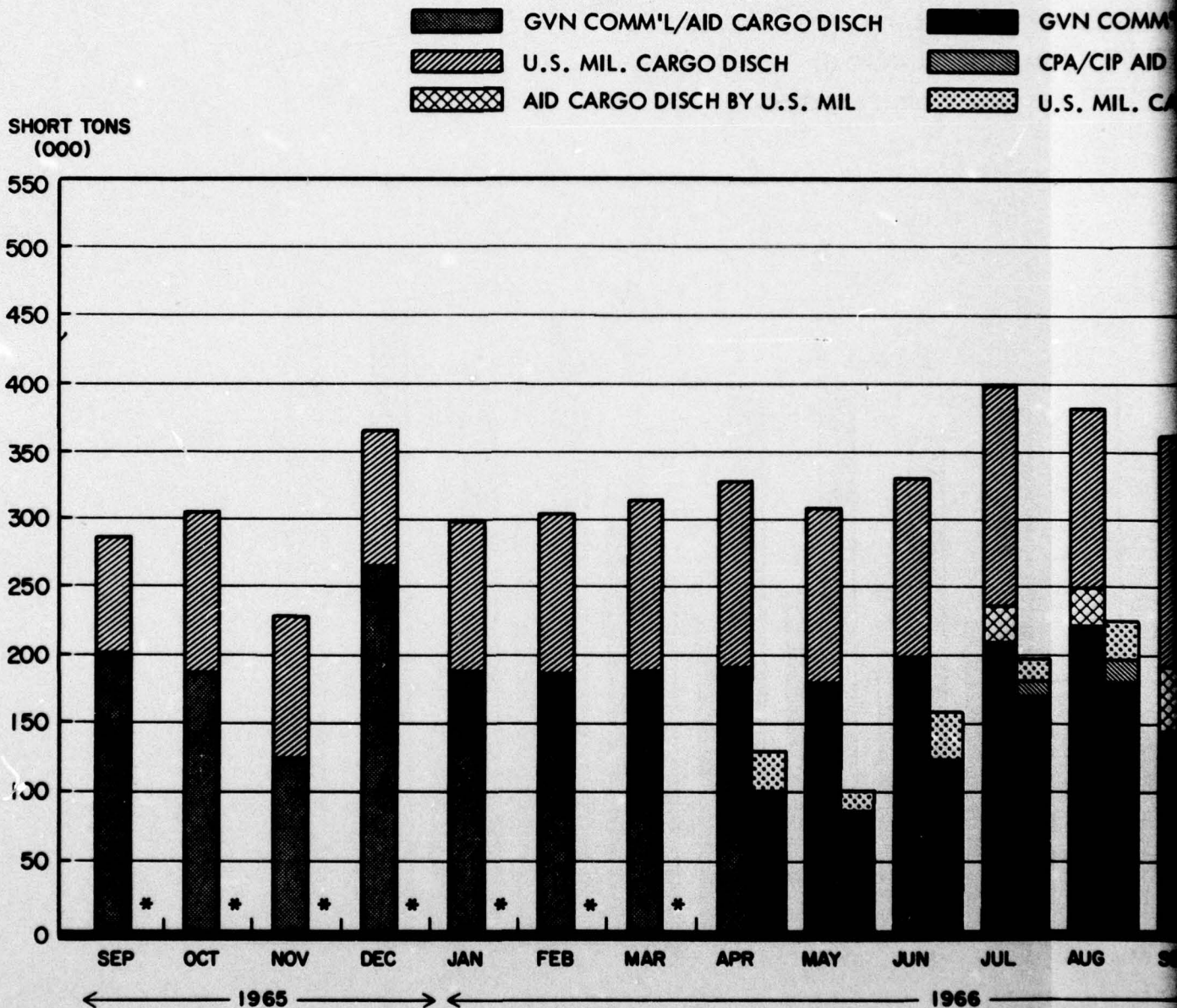
# SECRET

## SAIGON PORT COMMERCIAL/AID CARGO DISCHARGED BY GVN AND U.S. MILITARY (000 Short Tons)

	<u>Month</u>	<u>Discharged by GVN</u>	<u>Discharged by U.S. Mil</u>	<u>Total Discharged</u>	<u>% Discharged by U. S. Mil</u>
1966	Jul*	210	25	235	11
	Aug	222	27	249	11
	Sep	143	48	191	25
	Oct	164	51	215	24
	Nov	191	53	244	22
	Dec	66	36	102	35
1967	Jan	194	73	267	27
	Feb	134	65	199	33
	Mar	189	95	284	34
	Apr	204	92	296	31

\* U.S. military began discharging AID cargo in July, 1966.

# SAIGON PORT CARGO DISCHARGED AND BACKLOG

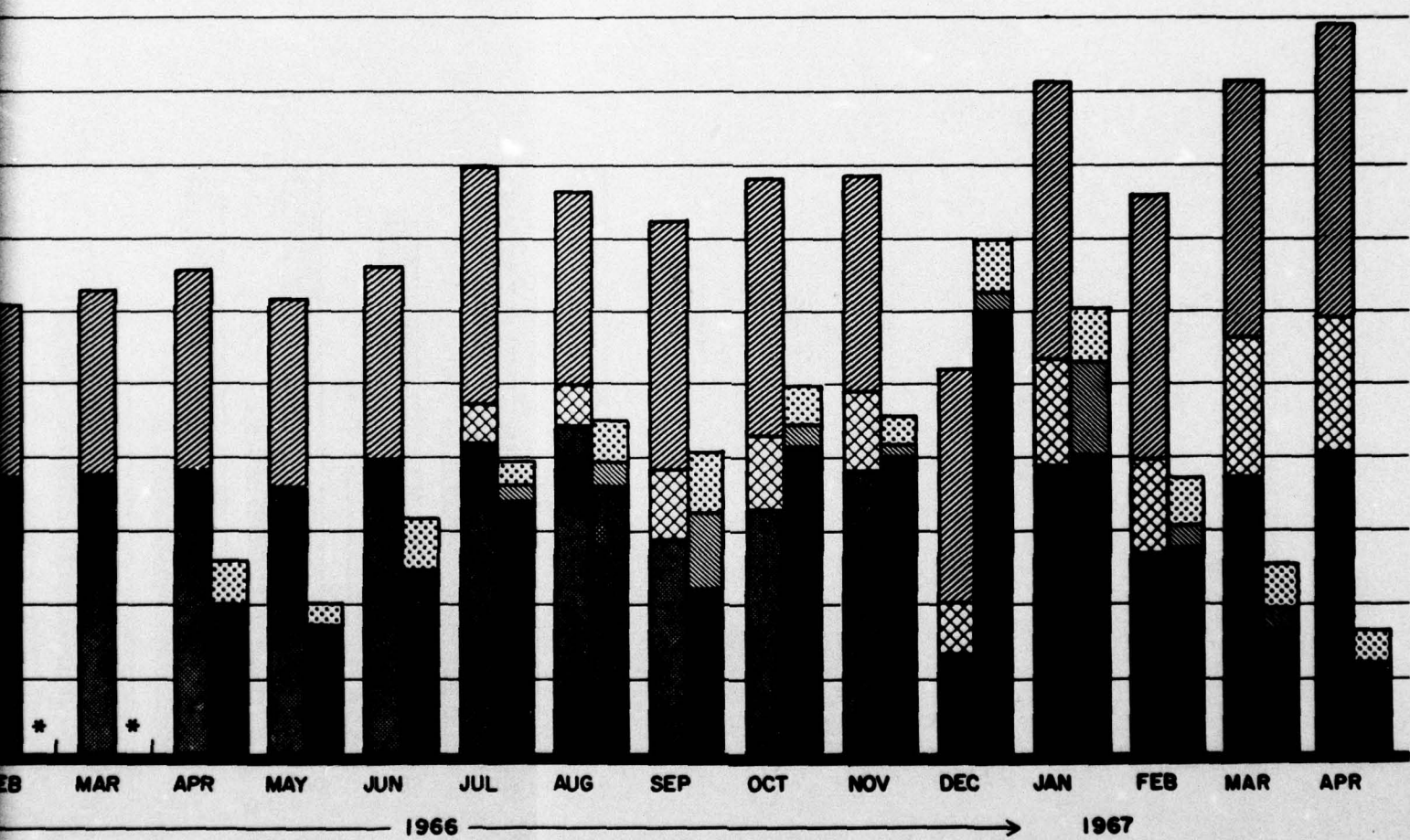


\* GVN BACKLOG FIGURES NOT AVAILABLE



ED AND BACKLOG

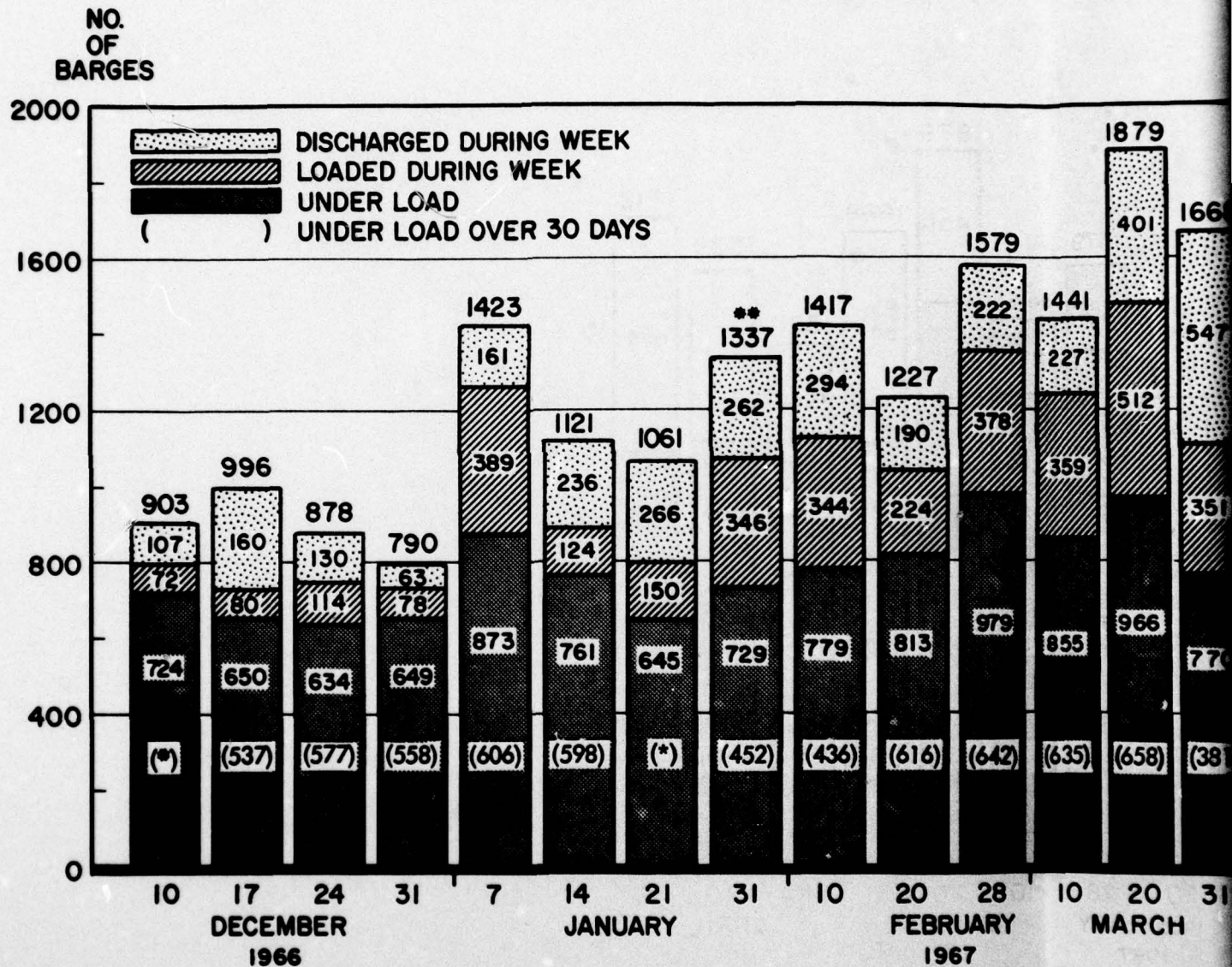
IN COMM'L/AID CARGO DISCH      GVN COMM'L/AID CARGO BACKLOG  
S. MIL. CARGO DISCH      CPA/CIP AID CARGO U.S. MIL BACKLOG  
CARGO DISCH BY U.S. MIL      U.S. MIL. CARGO BACKLOG



FIGURES NOT AVAILABLE

# SAIGON BARGE REPORT

## (COMMERCIAL ONLY)



(\*) DATA NOT AVAILABLE

(\*\*) REPORTING PERIOD CHANGED TO 10 DAY PERIODS

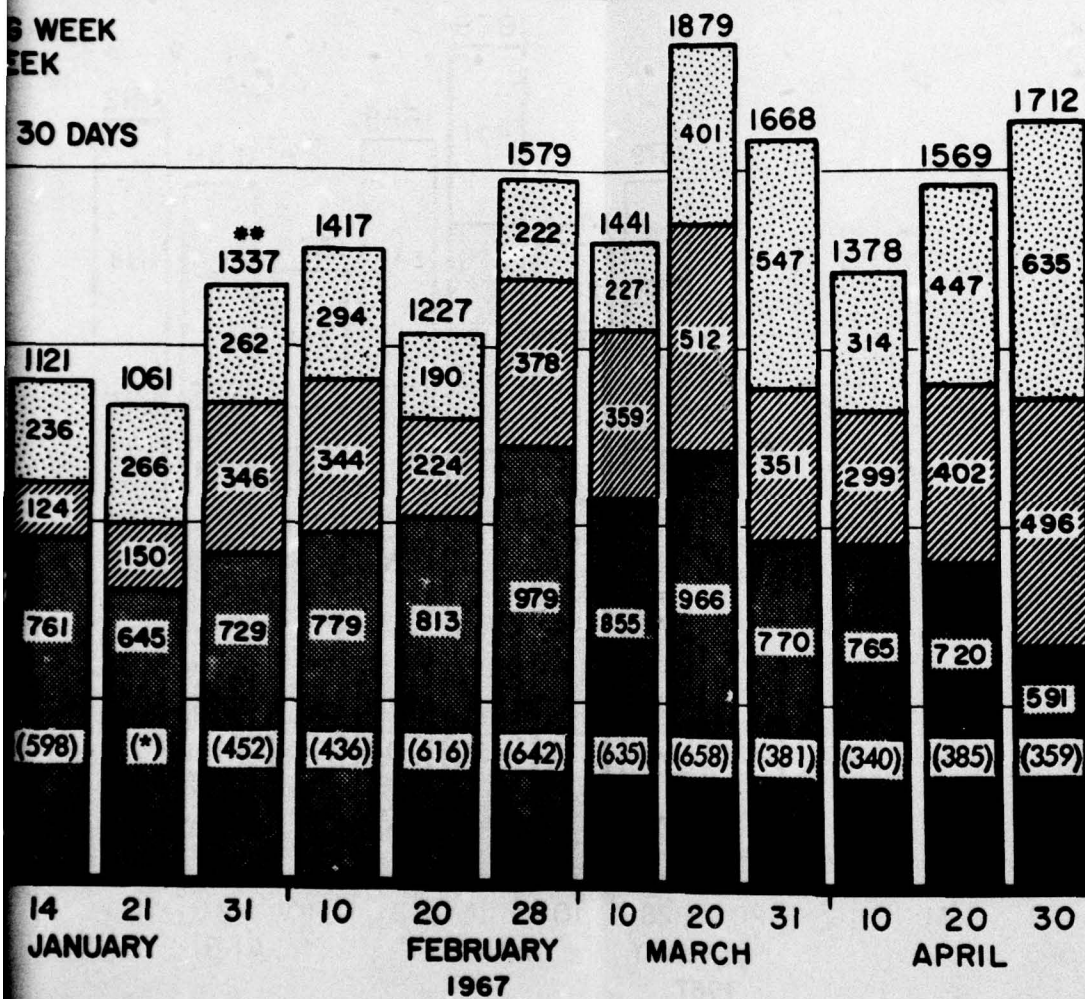


# E REPORT

(ONLY)

6 WEEK  
EEK

30 DAYS



TO 10 DAY PERIODS

49

2

~~SECRET~~

UNCLASSIFIED

CONSTRUCTION PROGRAM SUMMARY AND PROGRESS

The following table summarizes the status of SEA MILCON funding, estimated cost, and work completed as of March 30, 1967.

(\$000)	<u>FUNDING</u>		TOTAL	<u>FY 1966S AND PRIOR PROJECTS</u>			
	FY 1966S & Prior	FY 1967S FY 1968		Funds Released to Field	Current Working Est.	\$ Completion	% Completion
SVN	1,089	474	1,563	1,088 <sup>b/</sup>	1,356 <sup>b/</sup>	731 <sup>b/</sup>	54
Other	639	464 <sup>a/</sup>	1,103	584 <sup>c/</sup>	591 <sup>c/</sup>	329 <sup>c/</sup>	55
TOTAL	1,728	938	2,666	1,672	1,947	1,060	54

a/ Includes \$200 million DOD worldwide Contingency Fund.

b/ Re: 1 April 1967 NAVFAC Construction Status Report, Vietnam, plus TURNKEY.

c/ Re: March 1967 DD-6610 Reports.

During March contractor (RMK-BRJ) and troop work-in-place in SVN fell about 21% short of their planned output (\$85 million vs. \$107 million).

The apparent cost overrun (excess of planned scope cost over available funds) for SVN construction dropped by about \$4 million during March. The table above shows that the current cost estimate for projects started exceeds the released funds by \$268 million. When the \$126 in FY 1967S overrun funds are applied to the current estimate of underfunding, there is still a deficit of \$142 million.

The Level of Effort (LOE) system for control of contractor construction in SVN discussed in the April SEA Analysis Report was started on April 1. Under this concept the total contractor effort will be sized to live within funds available. In addition, a site-by-site reappraisal of construction plans is being conducted by MACV to make appropriate scope adjustments and assign the remaining work to the contractor or troop units. The LOE concept is designed to get the maximum construction from the available construction dollars.

~~SECRET~~

UNCLASSIFIED